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NEWS SUMMARY

GENERAL

Two die in Israel tour bus bombing

Two young West Germans died and six people were wounded last night when a bomb was thrown through the window of a bus carrying tourists on the Israeli-occupied West Bank of the Jordan.

The attack took place in Nablus when the bus, owned by an Arab tourist agency, stopped in the main square. The tourists were on a Holy Land pilgrimage sponsored by the West German Lutheran Church.

From Beirut it was reported that the Republic of Ireland is shortly to send a battalion of more than 500 troops for service with the UN peace-keeping force in southern Lebanon.

Israeli tanks took up positions near Tyre after an exchange of automatic fire between Palestinian commandos and Israeli occupation forces.

In Washington, Mr. Moshe Dayan, Israeli Foreign Minister, began a fresh round of Middle East peace talks with Mr. Cyrus Vance, U.S. Secretary of State, in preparation for next week's visit by Mr. Menahem Begin, Israeli Premier.

Rhodesia frees more detainees

Rhodesia's transitional Government confirmed last night that a further 142 detainees had been released bringing the total freed in the past few weeks to more than 700. Rhodesia's only black magistrate sentenced 78 black students, who had demonstrated against the internal settlement, to suspended jail terms. News from Africa, Page 3. Parliament, Page 14

Rome shooting

The Red Brigades claimed responsibility for the Rome shooting and wounding of Sig. Mechelli, an Italian Christian Democrat politician. Police and helicopters rushed to an area south of Rome after a telephone caller had said that Sig. Moro, the kidnapped former Premier, had been set free there, but there was no trace of him. Page 2. In Cairo 24 people, said to be linked with the Red Brigades, were detained.

Plea by Banks

Mr. John Banks, 43, bookmaker, lost a High Court plea for an immediate suspension of Tuesday's Jockey Club decision to ban him from racecourses for three years, but Mr. Justice Willis ordered that his case against the Jockey Club be heard as a matter of urgency next Tuesday.

Computer check

Disregarding strong objections from the ethical committee of the British Medical Association, the Department of Health is to go ahead with plans to computerise health and personal details of children from birth to the age of five. It is intended to extend the scheme later to children of school age and beyond.

Ulster shots

Four shots were fired at Newry, Co. Down courthouse while the court was sitting. An Army patrol returned the fire. There were no casualties.

Briefly . . .

Mr. Arkady Shevchenko, UN under-secretary, has resigned and wishes to remain in the U.S. because of serious political differences with the Soviet Government, it was announced at the UN.

The Duchess of Kent was admitted to the King Edward VII Hospital for Officers, London, for a gall bladder operation.

The King and Queen of Sweden are to begin a state visit to the Soviet Union on June 7.

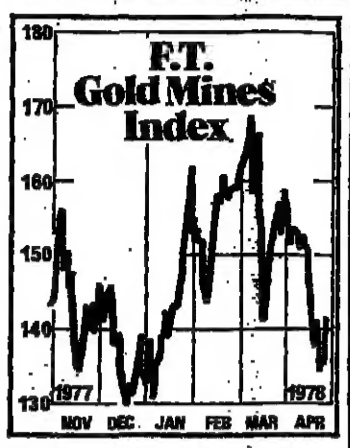
Herr Rudolf Hess spent his 84th birthday in Berlin's Spandau jail where he has been imprisoned for 37 years for war crimes.

Four men of Italian extraction were committed for trial at Southwark on charges in connection with an alleged £163m. swindle plot.

BUSINESS

Gold shares up; Gilts drift

● EQUITY trading reacted to bid speculation and a large list of company statements. The FT Ordinary share index closed 2.9 down at 457.8. Gold shares advanced.



● GILTS drifted lower on fears of a further increase in MLR following the slide in sterling. The Government Securities index fell 0.23 to 71.24.

● STERLING fell a further five points to $1.8145, as the dollar improved during the afternoon. The pound's trade-weighted average remained at 61.2, and the dollar's depreciation was 4.85 per cent. (4.75).

● GOLD rose $½ to $168¾ in London, while in New York the Comex April settlement price was 80 cents up at $168.70.

● WALL STREET closed 3.38 up at 836.97.

● DEMAND from the oil industry for changes in Government North Sea oil policy and the role of BNOC has been given the support of the U.K. Offshore Operators' Association, the drilling groups' representative body. Back Page

● BSC's borrowing limits will be increased from £4bn. to £5.5bn. if Parliament approves the new Iron and Steel (Amendment) Bill. Back Page

● CONSOLIDATED GOLD-FIELDS' Wheal Jane tin mine in Cornwall, opened in October, 1971, is to close in the next few weeks, at a cost of 418 jobs, after the company failed to agree financial aid arrangements with the Department of Industry to keep the mine open. Back Page

Loss at Chrysler

● CHRYSLER CORPORATION of the U.S. reports a first quarter loss of $119.8m. and has warned of a deficit for 1978 as a whole. The parent company needs $7.5bn. capital investment in the U.S. and Canada in the next five years, and it is feared that Chrysler may have to sell off some of its overseas operations to maintain North American business. Back Page

● INDUSTRIAL DEMOCRACY White Paper proposals before the Cabinet to-day seek statutory rights for union members to claim one-third of seats on a company's policy Board. Back Page

● GRAND METROPOLITAN, which employs 6,000 staff in 55 hotels, has announced schemes to advance industrial democracy in its hotels, with staff committees and staff representatives attending Board meetings. Page 7

● ROYAL DUTCH/SHELL is planning to invest £1.55bn. worldwide this year—almost 30 per cent. more than last year—and a projected £1.66bn. next year. Page 6. Meanwhile, the two white-collar unions involved in a strike at Shell's oil terminals are to hold joint negotiating talks. Page 7

● NATIONAL FREIGHT Corporation improved its trading profit last year by £9m. to £13.5m., but still registered a net loss of £9.5m. Page 5 and 18

● EUROPEAN FERRIES reports record full year pre-tax profits of £21.77m. (£11.07m.) on turnover £34.34m. up at £127.9m. Page 31 and Lex.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:

[illegible]	252	+ 9
...rcom	116	+ 8
...y (J.)	242	+ 11
...ben	31	+ 2
...ess Withy	237	+ 6
... & Duffus	235	+ 11
...wood Williams	104½	+ 7½
...kinsons	90	+ 3
...don Mrchnt. Secs.	93	+ 14
...shall Cavendish	54	+ 3
...o Shoes	48	+ 4
...ger Oil	£25¼	+ 1
...oor	329	+ 23
...s. Gold Fields	174	+ 9
...dsrand	189	+ 14
Hampton Areas	132	+ 8
Hartebeest	£10⅝	+ ½
MIM Hldgs.	185	+ 6
Northern Mining	66	+ 10
Oakbridge	149	+ 6
Western Areas	165	+ 13

FALLS:

Treasury 9% 1994	£78	− ½
Alginate	274	− 9
F.C. Finance	70	− 8
Letraset	140	− 6
Lloyds & Scottish	85	− 3
Manders	98½	− 5½
Mothercare	152	− 6
Norvic Secs.	21	− 2
Unilever	494	− 6
Vickers	172	− 4
Wagon Finance	41	− 4
RTZ	199	− 8

Liberals call for income tax cuts of more than £1bn.

BY RICHARD EVANS, LOBBY EDITOR

Pressure on the Government to concede further substantial cuts in income tax increased sharply last night when the Liberal Party published its proposals calling for tax reductions amounting to over £1bn.

This is considerably more than Mr. Denis Healey, the Chancellor, will be willing to accept. A series of private discussions and Finance Bill debates will take place before the Government knows whether its Budget strategy remains broadly intact.

The key question will be whether the Liberals and other minority parties will combine with the Conservatives on specific issues to defeat the Government.

Sir Geoffrey Howe, Shadow Chancellor, will spell out Opposition tactics when he speaks to-day during the second reading of the Finance Bill.

But the indications after the Shadow Cabinet meeting last night were that the Tories will go for a reduction of 1p in the standard rate, together with reductions in the higher rate bands. The Liberals indicated last night that they would support any Tory amendment to cut the standard rate of tax by 1p.

The Government therefore appears to be highly vulnerable. If there are major defeats, Mr. James Callaghan has already threatened the Liberals with a snap General Election.

One authoritative forecast last night was that at the end of the day there could be a reduction on standard rate of 1p costing £370m. plus some modification in higher rate bands to increase incentives for middle and upper management.

Much could depend on how willing Mr. Healey is to match further income tax cuts with compensatory increases in indirect taxation, and problems could lie ahead here for an alliance of Conservatives and Liberals.

Surcharge

The Conservatives will press for an increase in value-added tax to 10 per cent., which the Chancellor is certain to resist because of the effect on the retail price index and the rate of inflation.

He would prefer, if forced, to increase employers' national insurance contributions—a move that would be backed by the Liberals with enthusiasm, but opposed by the Conservatives.

The Liberal amendments to the Finance Bill, which opens its committee stage on May 8 and May 10, are in four broad categories:

1—Standard rate of income tax to be reduced from 34p to 32p at a cost of £740m.

2—Standard-rate band to be widened from £6,250 to £7,250, thus removing 240,000 people from higher rates, at a cost of £55m.

3—The threshold at which investment income surcharge becomes payable to be increased, from £1,700 to £2,000 for people under retirement age, and from £2,500 to £3,000 for people over retirement age at a cost of £55m.

4—To amend the higher rates of income tax, at a cost of £210m. The bands favoured by the Liberals would be 40 per cent. between taxable income of £8,000 to £10,000; 50 per cent. between £10,000 and £13,000; 60 per cent. between £13,000 and £17,500; and 70 per cent. at the top rate for incomes above £17,500.

Liberal MPs repeated their view after a meeting yesterday between Mr. Pardoe and Mr. Joel Barnett, Chief Secretary to the Treasury, that no part of the cost of the proposed tax reductions should be added to the Government's borrowing requirement.

Speke unions to seek better pay-off terms

BY ALAN PIKE, LABOUR CORRESPONDENT

UNION LEADERS took a significant step last night toward resigning themselves to closure of Leyland's Speke assembly plant, exactly a month away, and decided to seek improved redundancy terms from the company.

Until now the unions have refused to discuss severance terms because they felt that this would imply acceptance of the principle of closure.

But after another meeting with Leyland management yesterday, at which they failed either to reprieve the plant or defer the proposed May 26 closure, the executive of the plant's Confederation of Shipbuilding and Engineering Unions decided to return to the company to discuss the "best possible conditions that can be obtained on severance payments."

Formally, the confederation has still not reached a decision on the Speke closure. This will come after it sees the final redundancy terms. In reality, however, the chance of the confederation's leading action to prevent the shutdown of Speke now appears slight.

Last night's decision was not unanimous. Representatives of the Transport and General Workers' Union, the largest at Speke, argued in favour of a declaration of support for the 3,000 Speke workers, who have rejected both the redundancy offer and the principle of closure.

But this was resisted by other unions, including the Amalgamated Union of Engineering Workers.

There is no doubt that Leyland will be prepared to renegotiate the redundancy terms, which came as a disappointment to the Speke workers, many of whom have comparatively short service.

Mr. Alex Ferry, confederation assistant general secretary, said the unions were asking the company to put all its cards on the table. At present it was known that the redundancy terms could be improved, but it was not known by how much.

● Confederation representatives met members of the British Shipbuilders Board yesterday, and once more urged that union recognition in the industry should be confined to confederation unions.

The question of whether the non-confederation Shipbuilding and Allied Industries Management Association, which claims to represent 70 per cent. of the industry's managers, should be recognised will be on the Board's agenda to-day, but it is not known if a decision will be made.

Hawker £23m. bid for Carlton

BY ANDREW TAYLOR

HAWKER SIDDELEY last night announced a surprise £23m. cash bid for a 52 per cent. stake in Carlton Industries—the batteries, whisky and house-building group in which London Merchant Securities holds a 79 per cent. stake.

The 165p a share offer will initially be put to the minority shareholders but LMS has agreed to make up any shortfall to the 52 per cent. level. As part of the deal Carlton will be expected to buy Hawker's Crompton Parkinson battery business at an estimated price of around £4m.

Hawker has also agreed to make a cash bid for the outstanding Carlton shares in 1981. LMS, however, said that they will not accept this second offer—which is based on a current purchase price of 165p but increased (or decreased) according to the profits record of the enlarged Carlton group over the next two-and-three-quarter years.

Mr. Leon Roydon, chairman of Carlton, and Mr. Brian Bonfield, a director, said last night that they would not be accepting the first offer from Hawker. It is understood that they believe that the offer price—which is 5p below the price at which Carlton shares were suspended yesterday—is too low. They have advised minority shareholders to take no action for the present.

However, because of the LMS guarantees, Hawker is certain of achieving its 52 per cent. stake in a deal which initially amounts to the merger of both groups' battery interests, with Hawker taking the majority shareholding in the enlarged concern.

Mr. Roydon and Mr. Bonfield together hold 7.8 per cent. LMS is already ocmmitted to selling 39 per cent. of its holding which will bring in around £17m.

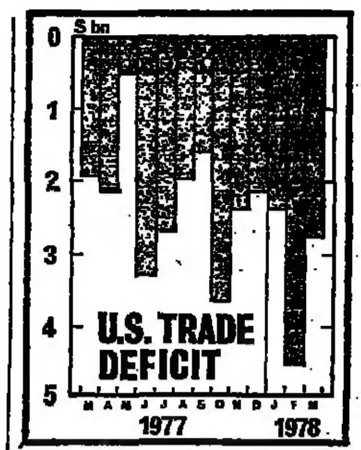
Carlton's battery division is the most important arm of its business which includes major stakes in Invergordon the whisky distillers and Comben the housebuilders. The battery division, which comprises the Oldham and Tungstone companies, contributes around three-quarers of Carlton's pre-tax profits, which rose 47 per cent. in the year to March 31, 1977 to £7.8m.

LMS said that it would use the proceeds from the initial offer to eliminate its short-term debt to provide funds for redeployment in other areas of its business.

It is intended to pay the cash consideration for the first offer on July 28, 1978.

Under the proposed agreement between Carlton and Crompton Parkinson. Carlton will acquire tme lead-acid automotive and traction battery business of Crompton Parkinson based at Newport, Gwent.

Continued on Back Page



U.S. trade deficit falls $2bn.

BY DAVID BELL

WASHINGTON, April 26.

THE U.S. TRADE deficit fell by nearly $2bn. last month to $2.78bn. (about £1.34bn.), a welcome improvement after February's record $4.5bn. figure but still higher than most of the monthly deficits recorded in the past year.

The March figures are something of a relief to the Administration and to Wall Street, which had feared they might be worse.

Officials are heartened by the 28 per cent. drop in oil imports disclosed by the latest statistics. But they acknowledge that the deficit for the first quarter, at $9.67bn., is some $3bn. higher than in the first three months of last year, and expect the overall deficit for the year to be close to last year's figure of about $28bn.

The drop in oil imports removes some of the pressure on President Carter to impose a special levy on imported oil as he has threatened to do if Congress continues to delay passage of his Energy Bill.

But it is may be too early to say if the figures signal a trend.

In the first quarter of this year, imports have fallen 10 per cent., in spite of one of the coldest winters of the century. Part of the reason for this is that the Alaskan Oilfield is now close to its daily capacity of 1.2m. barrels a day.

There has also been a significant drop in oil inventories which had reached record levels in anticipation of the winter and the coal strike.

At the same time there was an actual drop in oil consumption in the first three months of the year, partly because of the depressed level of economic activity caused by the cold winter and coal strike.

It also appears to indicate that ordinary consumers may have been using less oil and petrol, heeding President Carter's call for voluntary conservation.

Last month's figures underline the very slow growth in U.S. exports. In the first quarter of

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Editorial comment Page 18

Summit may settle arms limit deal

BY REGINALD DALE

WESTERN OFFICIALS hope that a new startegic arms limitation agreement—SALT II—can be concluded at a summit meeting between U.S. President Carter and President Brezhnev of the Soviet Union in June or July. It would be the first meeting between the two leaders.

This optimistic assessment was conveyed by U.S. officials at a briefing for the other NATO countries at the alliance's headquarters in Brussels, earlier this week.

They were reporting on the latest round of negotiations between Mr. Cyrus Vance, the U.S. Secretary of State, and Mr. Andrei Gromyko, the Soviet Foreign Minister, which ended in Moscow at the week-end.

It is emphasised that a number of important points remain to be settled before final arrangements can be made for the summit.

The hope is that a further meeting between Mr. Vance and Mr. Gromyko next month can bring the two sides close enough for the remaining gap to be bridged, with suitable fanfare, by the two leaders in person.

Outstanding issues include limitations on the Soviet Backfire bomber, restrictions on the modernisation and deployment of land-based strategic missiles, the total number of strategic weapons allowed on either side, the period of application of the special three-year protocol that is to accompany the new treaty and the range of the American Cruise missile.

A major breakthrough appears to have been made in Moscow on one of the other major problems in the negotiations—the so-called "non-circumvention" of the treaty.

The issue is of crucial importance to West European countries like the U.K. and West Germany, which had been afraid that Washington would in this context bargain away the possibility of their acquiring Cruise missile technology.

An agreement reached in Moscow commits both parties not to circumvent the treaty through third parties

But the U.S. has not given the specific undertaking not to transfer Cruise missile technology to Europe that Moscow originally demanded, and the Europeans are now confident that the option of acquiring the missile has not been foreclosed.

Meanwhile, however, it has become clear that the Geneva negotiations with the Soviet Union for a new treaty banning all nuclear tests have run into serious difficulties.

The two Western participants, the U.S. and the U.K., had hoped for progress before the United Nations Special Session on Disarmament that opens in New York towards the end of next month, but thorny problems have arisen over how the treaty's provisions would be verified.

Details Page 4

Brzezinski China visit

BY DAVID BELL

WASHINGTON, April 26.

DR. ZBIGNIEW BRZEZINSKI, the President's National Security Adviser, is to visit Peking for three days next month, the White House announced to-day.

His visit comes nine months after Mr. Cyrus Vance, the U.S. Secretary of State, paid a visit to the Chinese capital. There are also signs that the Chinese are showing renewed interest in "normalising" relations with the U.S.

However Mr. Jody Powell, the President's Press Secretary, said that the visit is "not a negotiating and should not be interpreted as a major step forward towards the establishment of full diplomatic relations between Washington and Peking. Nor, was it a sign that President Carter may himself visit Peking later in the year.

The Chinese interest in the normalisation of relations with the U.S., under the terms of the 1972 Shanghai communique signed by former President Richard Nixon, is in contrast to the "coolness" that has developed in U.S. relations with the Soviet Union. On the American side Dr. Brzezinski's visit comes at a delicate moment in the strategic arms limitations talks (SALT II).

Mr. Powell said that the talks would concentrate on South East Asia, Africa and other world issues. It is expected that the Soviet involvement in the Horn of Africa and elsewhere will also be discussed.

Dr. Brzezinski would also be visiting south Korea and Japan on his trip which will not be open to the Press.

Mr. Carter has long wanted to improve relations with China. But it has been put into cold storage until after the Panama Canal vote, chiefly because many right-wing politicians in the U.S. had linked willingness to "give up the canal" with a similar willingness to "surrender" Taiwan.

Parliament Page 14

£ in New York

—	April 26	Previous
Spot	$1.8130-8140	$1.8204-8214
1 month	0.53-0.47 dis.	0.38-0.33 dis
3 months	1.02-0.96 dis.	0.82-0.62 dis
12 months	3.10-2.96 dis.	2.65-2.45 dis

CONTENTS OF TO-DAY'S ISSUE

FEATURES

For latest Share Index 'phone 01-246 8026

Bonn launches new coal and steel subsidies

BY ADRIAN DICKS

BONN, April 26.

THE WEST German Cabinet, deeply concerned at the employment prospects of the coal and steel industries and especially those in the economically-depressed Saarland, decided to-day on two large subsidy programmes.

Under the first of these, the coal industry is to receive investment subsidies of DM582m. in each of the four years 1978-82. The Government, with ill-concealed reluctance, appears to have accepted the arguments of the industry itself that its current low sales and cash difficulties—symbolised by unsold stocks of 33m. tonnes—is unable to take on long-term investment.

The Economics Minister, Count Otto Lambsdorff, pledged in last week's Bundestag energy debate that he would ensure that the industry could surmount these medium-term difficulties in order to start preparing for more efficient use in the 1980s of hard coal, which is the country's only major domestic energy resource.

The new subsidy programme is in addition to some DM4bn. of existing direct and indirect subsidies to coal. It is also separate from the assistance programme for coke, which is shortly to be extended.

The second large subsidy programme announced to-day is of DM200m. worth of investment assistance to Arbed, the Luxembourg steel group which has taken over the hard-pressed Saarland steel groups, Roechling-Burbach and Neunkircher Eisenwerke. The money will be paid over the next five years, and will be repaid by Arbed as profits from the Saarland works allow.

In addition, the Bonn Government is providing guarantees worth DM900m. to Arbed to help it borrow the DM1.3bn. it is investing in the out-dated Saarland steel industry, plus a further DM480m. expected to cover the social costs of the reorganisation it plans.

Proposals submitted by Arbed call for a total rundown of 8,700 jobs in the Saarland steel industry through retirement and retraining. The company is understood to have pledged as collateral for this huge programme all its West German assets, but to require additional guarantees to its bankers which Bonn is now putting up. The Federal Government does not expect any of the DM900m. to be paid out.

The Arbed plans come in addition to assistance which Bonn provides to the small Saarland Government in other ways. Earlier this year, a DM180m. programme was agreed to help the State's economy diversify away from coal and steel.

Survey shows further fall in industrial confidence

BY OUR OWN CORRESPONDENT

BONN, April 26.

CONFIDENCE AMONG West German industrial companies weakened further during March, according to the monthly survey by the IFO economic research institute of Munich, published to-day.

The survey showed that not only was the business climate during March regarded as unsatisfactory, but a majority of companies polled regarded the outlook for the next six months as having significantly worsened.

In line with the latest government statistics on new industrial orders, companies questioned by IFO said that they had experienced a further decline in new orders. Average order books were roughly back to the level of December 1977, and were almost universally described as being too small.

Production during March was on average reported to be down, partly as a result of the widespread stoppages in the metal-working and engineering industries. Yet few companies saw any occasion to step up production rates, and a majority were contemplating further slowing down their output.

As always, the IFO survey revealed considerable contrasts between industries. Thus electrical engineering companies reported their order books to be somewhat improved and the outlook for the next six months to be more favourable than they had judged the previous month. The commercial vehicles industry, steadily among the most bullish sectors over the past two years of IFO surveys, expects a continuing high rate of activity. The mechanical engineering industry, on the other hand, is displaying a more pessimistic outlook than it did a month or two ago, when there was a short-lived improvement in orders.

The precision engineering and optical sector, which has shown better than average expectations over much of the post-recession period, is once again faced with an unfavourable business climate, and especially with a sharply deteriorating export outlook because of currency fluctuations.

Among consumer industries, there was a clear improvement in the situation of the clothing sector, and a trend described as more normal in the shoe industry. Textile companies reported a worsened outlook.

Portugal and IMF near accord on aid conditions

BY JIMMY BURNS

LISBON, April 26.

THE PORTUGUESE Government and the International Monetary Fund (IMF) appear at last to be reaching agreement on the conditions which Portugal must accept before being granted nearly $800m. worth of Western-backed aid. The Council of Ministers is expected this evening to endorse a draft copy of the Letter of Intent, and confirmation of the exact terms agreed is expected on Friday.

Since the Government resumed negotiations with the IMF nearly a month ago differences have persisted over the scope and scale of the stabilisation programme being demanded by the IMF as a condition for reducing the country's balance of payments deficit, officially estimated at $1.475bn.

Disagreement centred on the extent in the increase in the bank lending rate. It is understood, however, that the two sides have compromised on an increase of 5-6 per cent. The Portuguese Government originally wanted only a 3 per cent. increase; the IMF wanted more than 7 per cent.

The IMF is also believed to have modified its original demand that the balance of payments deficit be reduced to $800m. during the coming financial year, which runs from the end of this month to April, 1979. The target agreed upon is now believed to be around the $1bn. mark.

There continues, however, to be considerable uncertainty as to whether or not a sudden devaluation of the escudo will be announced on Friday. The Portuguese negotiating team have until now insisted that a devaluation of 15 per cent. would be better achieved through gradual downward adjustments spread over a 12 monthly period.

Sig. Mechelli is carried into hospital after the attack.

Terrorists wound Italian politician

By Dominick J. Coyle

ROME, April 26.

THE RED BRIGADES terrorists, still silent on the fate of kidnapped former Prime Minister Aldo Moro, to-day claimed responsibility for the shooting this morning of Sig. Girolamo Mechelli, a Christian Democrat and former president of the regional government of Lazio.

Sig. Mechelli was attacked by four youths as he left his Rome home. But there appeared to be no intention of killing him. He suffered a number of gunshot wounds in the legs and was described officially to-night to be out of danger by a spokesman for the Rome Policlinico.

The former president of the region, which includes Rome, is a strong supporter of Sig. Giulio Andreotti, the Prime Minister, and this latest attack is being taken as an indication that the terrorists are not concentrating all their energies on the Moro case, but seem determined to continue with their now regular assaults on leading political and industrial figures.

Meanwhile, the authorities have issued warrants for the arrest of nine suspects in connection with the Moro kidnapping, six of whom the police claim are known members of the Red Brigades.

The authorities have given no details of the alleged involvement of these latest suspects in the March 16 ambush in which Sig. Moro was kidnapped and five of his police guards murdered. Three of the nine suspects are women.

At the political level, the main parties continue to stand firm in refusing to consider any prisoner exchange—as demanded by the Red Brigades—for the former Prime Minister, and there has been some sharp criticism here of the latest intervention in the case by Dr. Kurt Waldheim, the UN Secretary-General. His renewed appeal for Sig. Moro's release on humanitarian grounds, and without conditions, was broadcast on the State television service last night.

Some political leaders, including the Republican Party's Sig. Ugo La Malfa, believe that such appeals to the Red Brigades by name constitutes a degree of international political recognition for the terrorists, something they have obviously been anxious to obtain. A similar appeal in direct terms was made earlier by Pope Paul.

The ruling Christian Democrats, of whom Sig. Moro is president, have already accepted the offer by Caritas, the international Catholic relief agency, to act as mediator with the terrorists in the Moro case, but the organisation insists that no contact has as yet come from them. However, the agency's West German head, Monsg. Hussler, has now come to Rome.

There are signs, too, that Sig. Bettino Craxi, the Socialist Party leader, while holding firm against any prisoner exchange, may again be tryingto explore all possible constitutional avenues in an attempt to save Sig. Moro's life.

French public service costs to be increased

BY DAVID WHITE

PARIS, April 26.

THE FRENCH Government to-day gave the go-ahead for higher public service charges in an effort to keep down the level of subsidies being paid to state utilities.

Details of new rates for transport, power, and postal services, which will come into effect next week, are to be announced to-morrow. The increases are known to range between 9 and 20 per cent.

M. Raymond Barre, the Prime Minister, said after to-day's Cabinet meeting that the increases were imperative in order to stop public companies' deficits from growing.

But the price rises are thought unlikely in themselves to bring about a significant reduction in the Frs.30bn. (about £3.5bn.), which the French Government has been expecting to spend on subsidies this year.

The Barre Government, while embarking on its plans to allow economically realistic prices to come into force in public and private sectors alike, clearly has one eye on the effect this may have on inflation and union claims.

The cost-of-living increase for March, to be published later this week, is expected to be close to 1 per cent., following a gradual increase from 0.3 per cent. in December to 0.5 per cent. in January and 0.7 per cent. in February.

After two years in which it has kept the rise in the cost-of-living index to below 10 per cent., the Government now faces the combined impact of the public-sector increases and the progressive freeing of industrial prices, which it has pledged to do in the second half of this year.

M. Barre will to-morrow send union leaders the Government's proposals for forthcoming negotiations. A promised rise for France's lower-paid workers will be announced next week. The national minimum wage is expected to rise by between 3 and 4 per cent. to around Frs.1,800 (£212) a month.

● The French Communist Party began a crucial Central Committee meeting behind closed doors to-day, in an atmosphere of fervent and among its members and widely-published criticism of its leadership. The meeting finishes to-morrow.

FRENCH GOVERNMENT PROGRAMME

Barre's prescription for an ailing economy

BY ROBERT MAUTHNER

M. RAYMOND BARRE, the French Prime Minister, is not someone who announces new policies to the sound of trumpets and drums. When, in monotonous, professional tones, he presented the new government's programme to the National Assembly last week, the initial reaction in many quarters was one of "deja vu."

The country was told that it would take another 18 months to restore its economic health. Priority would continue to be given to balancing the trade accounts, stabilising the franc, keeping inflation down, and industrial reorganisation. The growth of the money supply would be kept within its present limits, credit ceiling would be maintained, the budget deficit kept down and only the lowest wages would be raised in real terms.

But that was only part of M. Barre's prescription. The other measures which he announced, almost in passing, amount to nothing short of an about-turn in French economic and industrial policy and reflect the essentially liberal ideas of the man whom President Giscard d'Estaing once described as "the best economist in France."

Convinced that a real recovery of the French economy and a reduction of unemployment is possible only if industry is given the means to operate efficiently and profitably, the Prime Minister announced that industrial prices will be freed progressively in three or four stages from July. After more than 30 years of price controls, that is almost a revolutionary step, as well as a great gamble.

The reasons for M. Barre's decision are not difficult to find. Price controls have not been noticeably successful in curbing inflation in France over the last two decades, though they have sometimes been moderately effective in the short term. And above all, the Prime Minister was influenced by the financial difficulties caused for many French companies by the restrictive policies of the past 18 months

Low profits have kept down investments, and companies' indebtedness has grown by leaps and bounds. Between 1972 and 1976 the total short and long-term indebtedness of French companies increased from some Frs.64bn. (about £7.4bn. at current exchange rates) to Frs.104bn. At the same time the average length of credits has progressively increased.

The first batch of prices to be freed will be those of products facing strong international competition which, it is hoped, will prevent a sudden price explosion. Indeed the Government has made it clear that, although it does not intend to reimpose controls, it has other means of discouraging companies from making increases it considers excessive. One example which has been given is that, if a manufacturer of shirts raises his prices excessively, the Government will merely open the door to cheap imported shirts from the Far East. Government orders will also be withheld from companies considered to have overstepped the mark.

There is an important quid pro quo, however: the Government intends to radically cut its financial aid to "lame ducks." No doubt it will have to continue giving aid to sectors of overriding national interest, such as the steel industry, where tens of thousands of jobs are involved, but its basic philosophy has changed. Aid will be made available to innovative and technologically advanced industries which stand a good chance of being internationally competitive, but companies in traditional industries, which cannot make ends meet, will be allowed to go to the wall.

M. Raymond Barre

M. Barre summed up the new philosophy in a revealing recent interview in the French business magazine L'Expansion. "We must not hesitate to get rid of the dead wood in sectors in which we are badly placed. The future of France depends not so much on the ships we build at a loss or the volume of steel which we produce without finding a market for it.

"The basic question is: what is more profitable? To have a real merchant navy, equipped by subsidising the whole shipbuilding industry. By the same token, no divine decree lays down that France should produce 30m. tonnes of steel per year, if by producing a basic amount of steel, say 20m. tonnes, and by buying the rest from abroad, it can develop its mechanical engineering industry in the best possible conditions."

The same medicine is being applied to the public sector. Free of the electoral constraints which led the Government to hold down public transport, electricity and gas prices, the nationalised concerns have now been authorised to raise their charges to a more economic level.

The ambitious aim is to bring nationalised utilities such as Electricite de France and even the railwsys (SNCF) much closer to financial viability and to drastically reduce the state subsidies they receive which currently amount to a massive Frs.30bn. per year. Many experts consider this objective laudable though it is no more than pie-in-the-sky. It is estimated that electricity prices would have to be raised by 15 per cent., and railway transport charges by at least 25 per cent., before the enterprises concerned could even approach financial self-sufficiency and the increases authorised to-day by the Government fall well short of these levels.

The current increases will enable the Government to reduce its subsidies by no more than about Frs.1bn. in the current year and by Frs.2bn. in 1979. It is not until 1980 that really substantial subsidy cuts can be made.

It is certainly true that, now the general election is out of the way and the Government has two clear years ahead of it before it has to start worrying about the next Presidential election, due in 1981, M. Barre has more room for manoeuvre than he has ever had. But he still has to work within certain political and social constraints.

The Prime Minister has recognised that, in the short run, his freeing of prices means faster price rises, and may even take the increase in the price index to 10 per cent. in 1978, 1 percentage point higher than last year. He maintains that his policies, in the longer run, will reduce both inflation and unemployment. But the big question is, whether these are politically acceptable, particularly to the trade unions.

One of M. Barre's biggest achievements since the election is to have established a dialogue with one of the main Left-wing trade unions, the Socialist orientated CFDT, whose leader, M. Edmond Maire, has been unusually complimentary about the talks he has had with the Prime Minister. As a result negotiations between the Patronat, the French employers' federation, and the unions, will open at the beginning of next month on a whole range of problems including wages and working conditions.

But the new government has set clearly defined limits to the negotiations. While the wages of the lowest paid workers will be progressively raised, minimum wages will be set for different industrial sectors and a minimum family revenue will eventually be introduced, wage restraint remains the general rule. Overall, the government's aim is to maintain purchasing power at its present level in the foreseeable future.

Faced with sharp price rises in the coming months, the unions will certainly argue that their interests are being sacrificed to those of industry, and the honeymoon with M. Barre is likely to be shortlived. Though he is currently brimming with confidence, M. Barre and his free market policies may well have a much harder ride than the conciliatory post-election social climate suggests.

OECD guidelines for GNP improvements

BY OUR OWN CORRESPONDENT

PARIS, April 26.

FRACTIONAL aid to growth by the "convalescent" countries—Britain, France, Italy and Canada—added to a larger stimulus by each of five strong economies would give a significant fillip to GNP this year, in the area of the Organisation for Economic Co-operation and Development, the organisation's secretariat states.

The secretariat's view is published in the latest issue of the OECD Observer. It shows that if West Germany, Japan, Switzerland, the Netherlands and Belgium gave an impetus of 1 per cent. to their GNP, the so-called second-tier countries could also stimulate their economies without any adverse effect on their balance of payments.

An additional boost of only 0.21 per cent. of GNP in Britain and Canada, 0.36 per cent. in France and 0.34 per cent. in Italy, with a 1 per cent. stimulus in the "big five," excluding the U.S., would produce a 1¼ per cent. change in the average GNP for the area as a whole. This would be three times as large as the original average stimulus.

The benefits would be transmitted to the weaker countries which were not in a position to take action themselves because of inflation or payments problems. Thus the economies of these third-tier countries would benefit from an export-led expansion, as would the rest of the world. Even the stronger countries would be helped, since they would export more to the convalescent and third-tier countries.

An alternative course, under which only West Germany, Japan, Switzerland, the Netherlands and Belgium gave an initial stimulus of 1 per cent. of GNP to their economies, while the convalescent countries did nothing extra would produce only a 0.78 per cent. change in the area's average GNP.

But it would be much better than nothing, according to the secretariat. As a result, the five would increase their imports, not only from each other, but also from the weaker countries, and thus give particularly strong help to output in Britain, France, Italy and Canada.

Under both plans, economies would expand by considerably more than the initial additional stimulus, because of feedback and domestic multiplier effects. In the case of Britain, the extra boost of 0.21 per cent. would be translated into a final increase of 1.03 per cent. of GNP.

The balance of payments adjustment process would be helped under both models, though it would still fall short of the objectives set by the OECD. Under the concerted action version, involving most of the major OECD countries, West Germany's surplus would be reduced by $3.8bn., but Japan's surplus by only about $1bn.

Corsican bomb blast

A bomb exploded at radio and television relay station under construction near Ajaccio on Tuesday, causing serious damage but no casualties, according to police, Reuter reports from Corsica.

$200m. EIB loan for Italy

The Common Market's European Investment Bank (EIB) has granted Italy loans worth L177bn. (about $200m.), mainly for industrial development in the poor southern half of the country and the island of Sardinia, Reuter reports from Luxembourg. The Bank said in a statement that the loan would provide at least 2,250 new jobs. It would help finance projects in the car and pharmaceutical industries, telecommunications, roads and sewerage improvements, and bring on stream a natural gas field in the Ionian Sea.

Belgian inflation slows

The Belgian Consumer Price Index, base mid-1974 to mid-1975, rose by 0.08 per cent. in April over March to 126.80 and is 5.3 per cent. higher than in April, 1977, according to informed sources, Reuter reports from Brussels. In March the index stood 0.25 per cent. above February and was 5.76 per cent. higher than in March, 1977.

EEC industry growth

Common Market industrial activity is expanding again, the EEC Commission said on Wednesday, Reuter writes from Brussels. Citing reports from business leaders, the Commission reported an improved climate for EEC industry and business for early this year, with household spending still the main factor contributing to growth.

French car output down

French car output in March was 5 per cent. down on the March, 1977 figure at 296,506 but up compared with last February's output of 282,813, the Car-Maker's Association said, Reuter reports from Paris. Registrations of new cars fell 7.3 per cent. on March, 1977 to a provisional 184,092, but compared favourably with a provisional 147,766 in February.

Pact conference ends

Warsaw Pact Foreign Ministers ended a two-day annual conference in Sofia on Wednesday by adopting a joint communique, Reuter reports from Vienna. Details of the communique were not disclosed but the seven Communist Ministers were believed to have aligned tactics for next month's special United Nations session on disarmament and discussed other international issues. The official BTA news agency said that the Ministers talked with the Bulgarian Prime Minister, Mr. Stanko Todorov.

Picasso picture veto

The family of Pablo Picasso will not allow the return of the painting "Guernica" to Spain until the actors of the "Els Joglars" theatre group, court-martialled and jailed for two years last month for alleged insult to the armed forces, are released from jail, it was reported on Wednesday, David Gardner writes from Barcelona. "Guernica," depicting the destruction of the Basque town of Guernica during the Spanish Civil War, is one of the Spanish painter's most celebrated works, and at present is the centrepiece of the New York Museum of Modern Art.

Deadlock in Spanish teachers' strike

BY ROBERT GRAHAM

MADRID, April 26.

THE MAJORITY of state schools and some private schools throughout 46 provinces in Spain have been seriously disrupted for the past nine days by a school-teachers' strike.

Representatives of the strike committee were meeting to-day with Labour Ministry officials in an effort to resolve the dispute over pay and conditions but the two sides appear far apart. The teachers decided on April 18 on a three day strike. But they twice prolonged the strike because the Ministry of Education, according to strikers, has refused to budge from its position.

The Ministry of Education has proposed that the teachers settle for a 12 per cent. increase in pay. The teachers are demanding 22 per cent. They argue that this is the ceiling for wage increases and the norm for most wage settlements so far concluded this year. Both the armed forces and civil servants have been given 22 per cent. rises.

The strike has also become a more general platform for wider demands for the 75,000 teachers involved in the strike. They are seeking substantial improvements in the quality of state education and pressing Government to devote more of the education budget to state schools instead of supporting private institutions of which over 50 per cent. are church. About 20 per cent. of strikers are from private schools.

Although not the longest strike involving state employees this year, it is the one that has affected most people. In general wage agreements this year have been concluded more around the negotiating table than by strikes. Where there have been strikes they have been relatively short. This is attributed by some to the low strike funds of the unions and a more general policy by the trades union leaders to avoid provoking disorders.

However, this has tended to encourage disruptive tactics. Work disruptions for instance at the state-owned coal mining company, Hunosa, led on April to a lock out of the 24,000 work force. But to-day the pits were operating fully again after a wage settlement had been agreed.

Russia ready for military co-operation with Turkey

BY METIN MUNIR

ANKARA, April

THE SOVIET Union is determined to improve relations with Turkey in different fields, including the military, the visiting Chief of the Soviet General Staff Marshall Nikolai Ogarkov said here to-day.

Although he did not elaborate his statement has been interpreted as an invitation to Turkey to buy arms from Moscow. Ankara has been starved of armaments since the U.S. arms embargo of three years ago.

Marshall Ogarkov said the Kremlin was looking forward to Prime Minister Bulent Ecevit's visit to the Soviet Union in June which, he hoped, would be a "strong and important factor" for the improvement of Turkish-Soviet relations.

"When I say relations, I mean our relations in different fields," he said. "I mean military relations as well."

Marshall Ogarkov's visit to Turkey is the first undertaken by a Soviet Chief of Staff in 45 years.

He is accompanied by a high-powered delegation of six which has been received by the President and the Minister of Defence as well as by Mr. Ecevit.

The visit comes at a time when Turkish-American relations are at a slump and the U.S. Congress is debating a motion by President Jimmy Carter to lift the arms embargo. Mr. Ecevit has also spoken of the necessity of formulating a new defence concept. This necessity springs from his assessment that Turkey cannot rely upon the U.S. and NATO fully and has other options.

Western diplomats here believe that Mr. Ecevit may be making a subtle shift towards a neutralistic stance or trying to play the West against the Warsaw Pact for military as well as economic aid.

There has been speculation since the embargo came into effect that Ankara may be turning to Moscow for arms but although the speculations persisted no deals have come to light.

It is a fact, however, that the embargo has seriously impaired the Turkish armed forces' combat capability and that the Air Force is in a particularly bad shape. The Turkish General Staff is deeply worried because it believes that Greece has turned the Air Force balance of power in the Aegean in its favour.

It would, however, be a radical step by Mr. Ecevit to accept a Soviet invitation for arms sales before Congress' decision on the embargo. The Soviet Union too would be unlikely to sell arms to Ankara without at least a reciprocal non-aggression pact. Mr. Ecevit, who spoke to reporters before he began talks with Marshall Ogarkov, said he hoped to make important contributions to Turkish-Soviet relations.

Rise in export demand forecast

SWEDISH ECONOMIC OUTLOOK BRIGHTER

BY WILLIAM DULLFORCE

STOCKHOLM, April 26.

BOTH the Swedish Government and the Federation of Industries believe that the downward plunge of the Swedish economy will be halted this year. Although their forecasts differ in detail, they agree that improved industrial order books foreshadow increased demand for Swedish exports, which will start to affect production and investment in 1979. Both, however, warn that unemployment could rise this year.

The Government forecast comes with the revised 1978-79 budget, which raises the earlier record budget deficit by almost Kr.10bn. to just under Kr.42bn. (£4.9bn.). The change is due to the abolition of Employers' Payroll Tax from July 1, a decline in VAT revenue as a result of reduced imports and increased spending in support of industry.

Mr. Ingemar Mundebo, the Budget Minister, forecast that budget deficits of this order could well continue into the 1980s. He sounded a "clear warning signal" that such deficits could not be accepted, when the economy returned to using full capacity. Fiscal policy would have to be more stringent, as the rate of growth improved.

Mr. Goesta Bohman, the Economy Minister, underlined that the Swedish economy would still face severe problems. But the trend was now in the right direction and a base had been laid for recovery.

According to Government estimates, the trade balance should move into a modest surplus of Kr.900m. this year for the first time since 1973, reducing the payments deficit to Kr.12bn. More cautiously, the economists at the Federation of Industries anticipate a trade deficit of Kr.1bn. and a payments deficit of Kr.14.1bn.

The Federation assumes that stocks in western Europe are returning to normal and will result in a re-stocking demand later this year. It adds the reservation that governments could thwart its calculations by applying the brakes too early through fear of inflation, when prices start increasing.

After the 2.5 per cent. decline in Sweden's GNP last year—the first since the war — the Federation foresees a growth of 0.5 per cent. this year and 2.8 per cent. in 1979, while the Government more optimistically hopes for 1 per cent. this year and 3.5 per cent. in 1979.

The Federation expects total domestic demand to drop a further 1.6 per cent. this year—with private consumption declining by 2 per cent. and private investments by 10 per cent.—but this will be offset by the improvement in exports.

Industrial production, the Federation estimates, will stagnate after declining by 4 per cent. last year and grow again by 5 or 6 per cent. in 1979. Unemployment is forecast to reach new high levels of 2.7 per cent. this year and 2.8 per cent. in 1979.

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Vorster's Namibia decision welcomed by mining houses

BY QUENTIN PEEL JOHANNESBURG, April 26.

MINING HOUSES operating in *Namibia (South-West Africa)* to-day welcomed the South African decision to accept the Western proposals for a constitutional settlement in the territory.

One senior executive described the announcement by Mr. John Vorster, the South African Prime Minister, as "one of the most intelligent things that has happened here for years." Opinion is divided, however, on the likelihood or desirability of the South-West Africa People's Organisation (SWAPO) giving its backing to the proposals.

While the majority of political observers, and many South African officials remain convinced that SWAPO will reject the proposals, and indeed privately hope that this will happen, the general feeling in the mining and business community is that it remains important for the settlement to obtain the widest possible international acceptance, which means SWAPO participation.

There is little doubt that while they would prefer a regime more favourable towards private enterprise, the mining houses believe that even a radical SWAPO government would be forced to continue to rely on their skills and expertise to extract the territory's two major revenue sources, diamonds and uranium.

Mining sources believe that Namibia has enormous *potential*, especially of uranium, which Rio Tinto is currently mining on a large scale at Rossing. While the major revenue producing operation is De Beers' Consolidated Diamond Mines (CDM) at Oranjemund, and Tsumeb Corporation, the copper *mining* consortium involving Amax, Selection Trust, Union Corporation and Newmont, is the largest other existing operation, *mining* sources believe the uranium discoveries at Rossing and Langer Heinrich are one of the best ore bodies to be *found* anywhere outside Australia.

Uncertainty over the political future is believed to have delayed the financing of a full-scale project at Langer Heinrich by General Mining, where a pilot plant is planned but progress in implementing the Western proposals is likely to bring the project forward.

If SWAPO rejects the Western plan, mining industry sources *believe that most of the Western* five, the U.S., Britain, Canada, France and West Germany, will be tempted to back a settlement according to their plan, even without SWAPO, because of their need for Namibia's uranium.

Diplomatic observers are more sceptical, pointing out that if SWAPO rejects the proposals, the UN Security Council would almost certainly do the same, and there would be no UN force *to supervise the elections*.

Australia's inflation rate falls

By Kenneth Randall

CANBERRA, April 26.

AUSTRALIA'S inflation rate *in* the March quarter was the lowest for three years at 1.3 per cent. This means that the rate of inflation in the 12 months to the end of March as measured by the Consumer Price Index was 8.2 per cent.

At the peak of the inflationary spiral the rate was nearly 43 per cent. higher than this.

The March quarter CPI result is assisted by several seasonal factors such as the summer fall in fruit and vegetable prices. This element of the index rose by 5.5 per cent. in the December quarter but fell 10.5 per cent. in the March quarter according to the official figures issued to-day.

The Treasurer, Mr. John Howard, pointed out to-day that the latest figures represented the smallest March quarter rise in the CPI since 1972. He said the Government would continue a strongly anti-inflation policy in *economic management*.

● Meanwhile, Australia would save about \$A5bn. in the 1980s through development of two *additional oilfields* in the Bass Strait, it was claimed to-day, James Forth writes.

The exploration manager of *Esso Australia*, Mr. Ken Richards, told a meeting of the Western Australian branch of the Petroleum Exploration Society that this figure *assumed* a simple inflation escalated price for imports. Esso is a partner with Broken Hill Proprietary in the Bass Strait oilfields, which currently supply more than 60 per cent. of Australia's oil requirements.

Nyerere frees former Minister

DAR ES SALAAM, April 26.

PRESIDENT NYERERE of Tanzania to-day freed four prisoners who were condemned to death for their part in the assassination of Zanzibar's leader, Abeid Karume in 1972. Those released included AbdulRahman Babu, the former Tanzanian Minister of Economic Affairs.

All four, who were condemned by a Zanzibar court in their absence, were detained in Tanzania soon after the shooting. Reuter

U.S. and Bonn doubts on debt relief for Pakistan

BY DAVID HOUSEGO VIENNA, April 26.

THE U.S. and West Germany *are holding out against requests* from Pakistan for relief of \$300m. a year over the next five years on repayments of debt due *to donor nations of the Aid to* Pakistan Consortium.

The existing debt re-scheduling arrangements expire at the end of June with the close of the current Pakistan financial year. *Donor nations* are not expected to take a final decision on a new debt relief programme until the annual consortium meeting in early June.

Failure to obtain the substantial relief being sought by the military regime of General Zia-ul-Haq would mean that Pakistan would have little option but to accept a stiff *stabilisation programme* imposed by the IMF as the price of further borrowing under the extended fund facility. The IMF have already *proposed* a tough package including higher taxes.

The \$300m. a year represents the shortfall between the annual *inflow of \$1.2bn. of foreign aid* anticipated under the new five-year plan that takes effect in July and Government estimates of a minimum of \$1.5bn. required to sustain an adequate level of development.

Repayments of principal and interest to western donor nations, Russia and multilateral institutions over the next five years are expected to average about \$700m. if there is no relief.

Abu Dhabi cuts back on development spending

BY CELIA MAY DUBAI, April 26.

ABU DHABI, richest of the United Arab Emirates, is not to *commence* any new *development* projects next year in order to keep its exepnditure level to about \$1.5bn., the government *has announced. It also plans to* increase its budget by only 75m. in 1980 and \$250m. in 1981.

The move appears to be aimed at *curbing the process of continually* rising expenditure by the Emirate government and thus at reducing inflationary pressures and the growth of the bureaucracy.

But it will not mean a cutback of scheduled spending since this year's budget *is* about \$1.3bn. and last year's actual spending *was about \$1bn.*

Informed sources point out that Abu Dhabi has already completed or is in the process *of building most of the physical* infrastructure it needs Development projects in hand are expected to cost about \$1.7bn.

Chinese army reorganisation

By Colina MacDougall

CHINA'S KEY military body, the Military Commission of the Party's Central Committee, has published a decision to run *military academies better, to improve* training, and to speed up modernisation. This is an important step forward in the struggle to increase the capabilities of China's armed forces, and it suggests that the modernising faction in the army is continuing to strengthen its hand.

The new decision states that all military schools should use the thinking of Chairman Mao Tse-tung as guideline, but goes on to add that they should "selectively absorb useful experiences of foreign armies." While studying Mao's principles of "people's war," they should also study "the characteristics and the laws of development of people's war under modern conditions," and grasp "the strategy, tactics and military techniques for modern warfare and improving capabilities of command."

This decision closely follows another made by the Military Commission earlier this month on tightening military organisation and discipline.

Training in modern warfare, played down by the radical group in the leadership until their fall after the death of Chairman Mao, has recently surfaced in China as an important priority. Three new training schools, The Chinese People's Liberation Army Military Academy, The Political Academy, and the Logistics Academy, were opened in January this year and started classes on March 1. In mid-March, the Military Science Academy marked its 20th anniversary, with a celebratory visit *from Chairman Hua Kuo-feng* and other senior leaders. On the same occasion, Vice-Chairman Yeh Chien-Ying, second in *China's hierarchy*, published an article, warming approving military science, in the influential army newspaper.

India move over conglomerates

BY OUR OWN CORRESPONDENT NEW DELHI, April 26.

INDIA'S RULING Janata Party has adopted an economic programme designed to split up the country's big business conglomerates and encourage more active public participation in private business.

In a 12 page statement issued by the Party's national executive, there is a demand for an end to "industrial feudalism" by which it means the concentration of economic power in a few hands.

The statement goes on to urge those public financial institutions with large shareholdings in private companies to take a more active role in stamping out "malpractices and exploitation."

"Because of the concentration of economic power in the hands of a few big houses, temptation to abuse that power in an ever present danger," said the statement.

The Party argues that splitting the larger conglomerates up would make more effective use of the private sector's resources.

In order to stop the concentration of economic power in a few hands the Party suggests that the number of directorships or chairmanships which any individual can hold should be limited.

By **K. K. Sharma**, Our New Delhi Correspondent, who is currently touring Vietnam

A third war in prospect

HEAVY SKIRMISHES have occurred all along the Vietnam-Cambodia border during the past week and it is *apparent that* tension has considerably increased. But the border situation is still simmering, as it has been for *many months, and* there is no sign yet that it is coming to a boil. Should it do so, the Indochinese peninsula would be plunged into yet another bloody war, ending three years of uneasy peace since "Liberation" in 1975.

It is difficult to assess the chances of war, because it is impossible to determine what the stakes involved are. Until recently there was a pretence *on* both sides of the disturbed border that the issues were not serious. But in Hanoi there is *now an open propaganda campaign* against Cambodia. It has not as yet led on to a campaign against China, and indeed both *Hanoi* and Peking *speak* of "family quarrels."

Yet in Peking the deputy Foreign Minister openly accused the Russians of extending a policy of "hegemony" to this region, thereby tacitly admitting that the Vietnam-Cambodia border conflict involves much wider issues than any party has been willing to admit so far. It is common knowledge that China is behind Cambodia. Hanoi is *unwilling to admit this openly* despite evidence to the contrary. An official spokesman answered "no comment" when confronted *with the Chinese statement*, although it had caused surprise.

Hanoi's attitude is that the Government is bewildered by the border quarrel. Vietnam has been through 30 years of almost unbroken war and the Government needs a long spell of peace to rehabilitate the shattered economy. But it is obvious that preparations are being made for another conflict, should it break out. A detailed documentation on the border case is available in Hanoi, all of it in support of the case that there is no reason for fighting and that it is the Cambodians who are being intractable.

Ever since the major skirmishes began in March 1977, Vietnam has called for negotiations based on a ceasefire, withdrawal of forces, and talks without any previous *conditions to demarcate the* border. Some talks have been held but without success. Both sides blame each other for the failure, both *claim that the other* does not really want peace. From countries which have known what war means, and distressing evidence of this *is available* in Vietnam, this is difficult to believe and lends credence to the view that there is much more involved than the direct adversaries *admit publicly*.

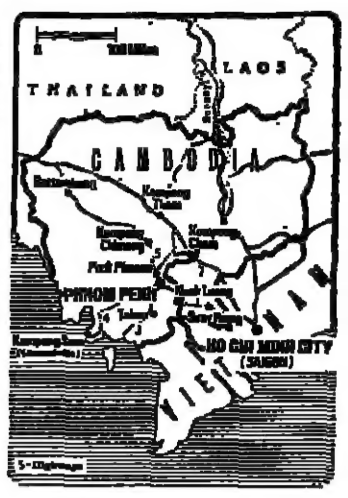
A few days ago Hanoi issued another call for negotiations without conditions. Cambodia's reply was that before talks can be held, Vietnam must vacate all occupied territories, abandon its objective of "annexation," and also give up what Cambodia alleges is the intention of forming a federation of Indochinese *states in which Vietnam would* be the dominant partner. Hanoi's officials say that they were taken aback by these conditions, which *they say they cannot accept* because all are fabrications. Acceptance would amount to admitting that Vietnam has ambitions that it denies. There has been no wish to annex Cambodia, Hanoi says; there has been no occupation of any Cambodian territory, and talk of a federation was abandoned many years ago when the Indochina Communist Party was disbanded and separate parties formed in Vietnam, Cambodia and Laos.

Part of the Vietnamese proposal is a withdrawal of forces behind this border, something that they say Cambodia has not accepted. Because of the fighting all along the frontier, this border has actually become blurred and in most places the stone markings have been removed although old French maps are still available that clearly demarcate the line.

The Vietnamese say that they have not *occupied* any Cambodian territory and that forcible occupation has been done only by Cambodian troops. They also say that *violence on* their side has been limited to "driving out the aggressor" when Vietnamese territory has been occupied. They also *claim* that strict instructions have been given to border forces not to cross the border.

Much of this appeared to be borne out by visits that I made to various points of the border in the past few days. This must be *qualified, however, by the* fact that the places I visited were chosen by the Vietnamese although I was invited to choose *any point* to visit that I wanted. I asked to be taken to where the fighting was the most intense and was taken to the southern-most province of An Giang.

Whatever the hidden and unspoken reasons for the conflict, part *of it* is due to the fact that there is no natural border. The frontier was drawn up arbitrarily by France after World War Two in what the Vietnamese say was a policy of divide and rule. But they claim they are willing to accept this border, even though it is irrational, provided the Cambodians also do so.



The province was spared the devastation that hit almost all other parts of South and North Vietnam during *the war* with the U.S., but there is distressing evidence that it is getting its share belatedly. Scores of villages have been *destroyed*, rows of burnt out wooden shacks standing as black testimony that there had been deliberate arson. My Vietnamese *escorts*, mostly local militia men carrying automatic weapons but not in army uniforms, said that Cambodian regular *forces* repeatedly made incursions about 10-15 kilometres deep into the province and remained there for about four days before withdrawing and burning down villages, destroying crops, and carrying away livestock.

They attacked in strength varying from one battalion to a full division and supported by artillery. So far the air force has not been used, *according to my* escorts. In no case have the incursions been deeper than 15 kilometres. They usually ended with the arrival of either the Vietnamese militia and, rarely say the provincial officials, of the Vietnamese regular army and a fierce battle.

A jeep-load of army regulars formed our main escort, but it is true that at the fighting line itself there were mostly militia *men* carrying semi-automatic weapons and light mortars. The Cambodians had dug in at a point said to be about four kilometres *within the province*, after being driven back. It was obvious that they were fighting hard and meant to remain. A single rifle shot by one of the Vietnamese militia men brought instant retaliation in the form of heavy machine-gun fire and artillery bombardment that forced us hastily to seek cover.

The Vietnamese claim that the army is rarely called in to support the militia. They say that it was only when eight Cambodian battalions entered Vietnamese territory on April 10 that the army launched a major counter offensive and drove out the intruders.

There is little evidence of the army near the border, although large forces are said to be waiting in readiness not far away. But there clearly has been a heightening of tension in the past few days.

Fighting takes place at some point every day and on most days there are clashes at many points. *So far war has been* averted and the fighting remains limited to skirmishes, although they have been fierce and bloody. But preparations are complete and a full-scale war is very much on the cards.

Vietnam has not accepted the Cambodian statement and has pleaded again for unconditional talks. There is no sign that talks are imminent, and indeed the chances are that the border issue will escalate. Certainly in Peking there are hints that the Vietnam-Cambodia conflict will be prolonged "now that a super power is actively intervening."

Unofficially the Vietnamese contend that Cambodia's attitude is the result of internal problems and the need to find a scapegoat. The result is said to be discontent and the Vietnamese say that refugees from Cambodia speak of great unrest in the country. The Vietnamese believe, although they do not say so openly, that these internal troubles have forced Pol Not into a position of close dependence on China.

THE Australian Government is negotiating with American authorities on the possibility of developing new international guidelines on the settlement of refugees from Indochina. The Government has confirmed the move following the arrival in Darwin yesterday of another four boats from Malaysia carrying 49 Vietnamese refugees, and the news that at least four more boats were on their way, Kenneth Randall writes.

Mr. Michael Mackellar, the Minister for Immigration and Ethnic Affairs, said the talks with the U.S. were aimed at internationalising the refugee re-settlement problem. He said that they would cover ways of getting more countries to accept Indochina refugees and better co-ordination of settlement policies.

STRATEGIC ARMS NEGOTIATIONS

Hopes for a Summer pact

BY REGINALD DALE, EUROPEAN EDITOR

THE U.S. and the Soviet Union have made considerable progress in the latest round of their strategic arms limitation negotiations (SALT) which ended in Moscow at the week-end, giving rise to hopes that a pact can be concluded in June or July.

A number of important issues remain to be settled before a meeting can be arranged between President Jimmy Carter and Preident Leonid Brezhnev to sign the new agreement (SALT II). The latest state of the negotiations is:

Aggregate limits: It is agreed that the overall number of stategic weapons on either side will be some 200 below the limits fixed at the 1974 meeting between President Ford and President Brezhnev in Vladivostok. Those were a total of 2,400 with a sub-ceiling of 1,320 for MIRV delivery systems (those carrying multiple warheads).

But the precise figures are still under discussion, as is the time from which they would apply. *The Russians say the Americans* are pressing them to accept the *restrictions* too soon, not allowing them enough time to dismantle existing missiles.

Modernisation and new systems: The Soviet Union has still not given the U.S. the commitments they want on limiting the modernisation of existing systems and deploying new land-based *systems—a key point from* the U.S. point of view. The *Americans*, however, want to maintain a free hand to deploy sea-launched Trident missiles in the years ahead.

Backfire bomber: The Soviet Union will accept some commitment to limit the production, deployment and range of the Backfire *bomber*, which Washington claims to be a strategic *delivery system capable of* reaching the U.S. But the precise wording of the commitment is not agreed. Nor, more importantly, is its status.

Moscow argues that the bomber is a medium-range aircraft and not strategic, and should therefore not be covered in the main body of the agreement. The U.S. still wants it to *be a integral part of the agreement*, rather than the subject of a separate assurance as the Russians are offering.

Non-circumvetnion: The two sides have agreed on a formula under which both agree not to circumvent the treaty through third parties or in any other way. But the U.S. has not given the *Russians* the *undertaking* they sought, not to transfer Cruise missile technology to its European allies.

This means that the U.S. will not try to use its allies to get round SALT obligations, but should not, in the allied view, prevent the transfer of Cruise missile technology. The Europeans are satisfied with the *outcome*.

Cruise missile limitations: The *U.S. has accepted that, in the* three-year period of the protocol that is to accompany the proposed eight-year treaty, the range of Cruise missiles should be limited. The original suggestion was that air-launched Cruises *should be limited to* 2,500 kilometres, ground and sea-launched to 600 kilometres.

This has now been modified. The proposed agreement is that the range limitation of 2,500 kilometres should apply to all *Cruise missiles*, however launched, for testing and development purposes. It is only when they come to be deployed that the lower 600-kilometre limit would apply to ground and sea-launched versions.

There is still a major difficulty over how the range is to be calculated. The U.S. wants an air-launched Cruise to be able to hit a target 2,500 kilometres *distant. The Soviet Union wants* the 2,500 kilometres to apply to the course the missile actually follows. This would reduce its effective range, as Cruise missiles do not fly in straight lines.

Length of protocol: It is agreed that the protocol would last for three years. The U.S. argues that the three years began when SALT I expired last October. The Soviet Union says the three years should start when SALT II comes into force.

SALT III: There is agreement that the content of the next SALT agreement will only be referred to in general terms so as not to restrict negotiating freedom. There is unlikely to be any specific reference to the inclusion of forward-based systems, weapons stationed in or aimed at Western Europe, though that does not mean that they will be excluded from the next round.

PEACE INSTITUTE REPORT ON NUCLEAR WEAPONS

Balance of military power upset

BY DAVID FISHLOCK, SCIENCE EDITOR

THE LATEST developments in nuclear weapons are destabilising the global balance of military power, according to the latest yearbook* on world armaments and disarmament issued by the *Stockholm International Peace* Research Institute (SIPRI).

The most dangerous developments in nuclear arms, the Institute says, include the continuous improvement in the accuracy with which they can be delivered, *improvements in mobile*, land-based missiles, and miniaturised H-bombs, including the neutron warhead.

The Institute cites as particularly destabilising such *arms as* the mark 12A warhead for the U.S. Minuteman-3 missile, a 370-kilotonne weapon with a "circular error probability" of 200 metres. Another is said to be the land-based mobile *intercontinental ballastic missile* (ICBM), such as the U.S. M-X system, which SIPRI says will probably carry between seven and 14 200-kilotonne manoeuvreable re-entry vehicles, each with a circular error probability of *only a few tens of metres*.

The M-X missile, whose deployment was requested by the U.S. Air Force last October, are to be installed in tunnels 25 kilometres long, so that they cannot be counted *by military satellites*, says the Institute.

"The missile would not only destabilise whatever strategic balance is perceived to exist between the U.S. and the USSR, but would also seriously compli*cate the negotiations of future* strategic arms limitation agreements just as the Cruise missile complicates the current negotiations of a SALT II treaty," says SIPRI.

The enhanced-radiation weapon (*the so-called neturon bomb* whose development was recently delayed by the U.S. as an overture to the Soviet Union in the countries' arms limitation talks) is an H-bomb designed as an alternative warhead for the *Lance surface-to-surface missile*. The institute says NATO plans to deploy in Europe 92 Lance launchers equipped with missiles having a 130-kilometre range.

The new miniature H-bomb, the institute says, would possibly have the *same* capability of killing by radiation—neutrons and gamma-rays—at a given range as an A-bomb of about five times the explosive power. "People *could be incapacitated* by radiation from an enhanced-radiation weapon at distances at which blast and heat effects were relatively small."

However, SIPRI also says that *the gap between conventional* and nuclear arms is being narrowed by new non-nuclear weapons, such as the fuel-air explosive, a weapon that the U.S. recently *refused* to supply to Israel. A typical fuel-air explosive *contains ethylene oxide*, which when released as a gas burns fiercely without need for oxygen. The blast-wave effect of one kilogram of such a substance can equal five kilograms of TNT.

World military expenditure last year was about $360bn., says the institute, of which the NATO and Warsaw Pact alliances accounted for about 70 per cent. and the Third World for 18 per cent. Measured at *constant* prices, and taking account of in*flation, arms spending* has doubled in real terms over a period of two decades, th institute says.

A total of 133 satellites were launched in 1977, of which 95 were military—82 from the *USSR, 12 from the U.S., and one* from NATO. The U.S. according to the SIPRI report, is investigating novel ways of "killing" satellites, for example by aiming ion beams to short-circuit their electronics, or by using high-powered lasers.

* *SIPRI Yearbook 1978, Taylor and Francis, £18.*

CARTER'S $25BN. TAX CUT PROPOSAL

Opposition still unyielding

BY DAVID BELL

WASHINGTON, April 26.

THE CARTER Administration is lobbying hard in Congress for its proposed $25bn. tax cut, but *the scheme continues to encounter* such opposition that it is unlikely to emerge from Congress in its present form.

Mr. William Miller, the chairman of the Federal Reserve, who has emerged as a leader of the *group urging that the cut should* be scaled down or delayed for three months (it is due to take effect from October 1), told a Senate committee yesterday that he thought the overall federal deficit should be held at $53bn., a $7bn. drop *in the figure* proposed by the Administration for the fiscal year 1979.

"If we send a signal loud and clear that we are reducing the deficit, then everything else will fall into place," Mr. Miller said yesterday. But *this signal is* clearly not yet being received in the White House. At his Press conference yesterday, Mr. Carter once again made a strong plea to Congress to pass the cut, saying that without the tax reduction *the economy* would slow down next year and a million more people would be out of work within 12 months.

The President coupled his support for the cut with calls to Congress to act at the same time *on his tax reform measure which* would raise some $9bn. of new revenue and which is in very serious trouble in the House Ways and Means Committee.

Mr. Carter was adamant that the reforms must go through and he cited polls showing that two-thirds of the U.S. people *approved of them. He also* produced, as an example of current inequities, a surgeon who receives a$14,000 tax deduction for his yacht because he holds meetings with other doctors on board. "Most Americans don't have a yacht and when they go for a small pleasure ride they can't deduct it," he said.

But this reforming zeal and Mr. Carter's belief that the economy *will* need more stimulus by the end of the year is cutting little ice on Capitol Hill. Mr. Blumenthal, the Treasury Secretary, who cancelled his trip to Europe this week to lobby for the tax plan, is working hard to generate support but without much success. There is already some talk of concessions and "trade-offs" that might salvage part of the proposal at least.

Mr. Miller couched his objections to the size of the tax cut *in far softer tones yesterday* while answering questions after his evidence. He agreed that the economy needed careful watching and that it was important to provide business with fresh incentive to invest—a key *element in the Carter tax package*.

But he suggested that one way to do this might be to recommend a range of specific accelerated depreciation rates. Under his suggested scheme, which would require new legislation, business equipment would have *a five-year depreciation life, plant* would have a 10-year life and such structures as office buildings a 20-year life.

Mr. Miller also argued that the country was "over the bulge" in the enormous number of new *entrants into the work-force*, particularly women, in the past 18 months. This suggested that unemployment would probably drop to about 5.75 per cent. by the end *of the year* and that the jobless rate could stabilise even if the growth of the economy slowed down.

Mr. Henry Ford

Henry Ford accused of taking bribe

NEW YORK, April 26.

THE FORD Motor chairman, **Mr. Henry Ford II, has been accused in a suit filed in the Manhattan Supreme Court of accepting a *$750,000 bribe*.**

The suit, which charged that *company assets had been* wasted, was brought against Ford Motor, Mr. Ford, the company president, Mr. Lee Iacocca, the Ford board and company officers. It was filed *on behalf of four children* who own stock in the company and seeks, *in addition to $50m.* damages, the return of Mr. Ford's 1977 salary of about $992,000.

The suit alleges that, despite a policy of competitive bidding, Mr. Ford extended to *Canteen Corp. an exclusive* concession to provide food and beverages at various Ford offices and factories.

In Detroit, the Ford vice-president and general counsel, Mr. H. R. Nolte, said that the *complaint was "filled with* untruths, inaccuracies and distortions," and said that the allegations of impropriety were "totally without merit." Reuter

Caribbean integration 'under stress'

By Tony Cozier

BRIDGETOWN, April 26.

RESTRICTIONS on trade within the Caribbean Common Market (Caricom), because of tight *foreign exchange controls*, created "considerable stresses and strains in he regional integration movement" in 1977, the Caribbean Development Bank says in its annual report, presented to-day to the annual *meeting of the Board of governors*.

The report notes that, with the "notable exception of Trinidad and Tobago," the fiscal situation in all other member countries continued to give cause for concern during the year. There were continuing budgetary deficits in *nearly all the less-developed* countries in the Windward and Leeward Islands, and in three of the more-developed countries, Barbados, Guyana and Jamaica. Those three also had to deal with balance of payments pressures, intensified in Jamaica by heavy foreign debt service payments.

The report adds: "In Guyana and Jamaica, foreign exchange *became the scarcest factor of* production, and its use had to be severely rationed through the imposition of tight foreign exchange controls and qutaitative import restrictions of such stringency that import of non-essential goods from other Caricom countries were severely *reduced from their* 1976 levels.

These restrictions, according to the report, held back the advance "towards more fundamental tasks" facing Caricom. It listed co-operation in agricultural, industrial and mineral production and marketing, development of a regime to pro*mote industrial specialisation*,

DC-10 tyre bursts to be investigated by the FAA

BY JOHN WYLES

NEW YORK, April 26.

THE U.S. Federal Aviation Administration (FAA) has set up *a special task force* to investigate the possible causes of tyre bursts on the McDonnel Douglas DC-10 aircraft following a number of incidents, including a *fatal crash at Los Angeles* airport on March 1.

The crash, *in which two people* were killed and 50 injured, drew attention to a problem which had been exercising a number of airlines for some time. Although no statistical evidence has been produced to show that there is a *higher incidence of tyre bursts* on the DC-10 than on other wide-bodied aircraft, some administration officials concerned with aircraft safety believe that there are sufficient grounds to justify remedial action.

"We believe there is an urgent need to do something now because the potential *is* there for a catastrophe," said a spokes*man for the National Transpor*tation Safety Board this morning. The Board chairman, Mr. James King, wrote to the Federal Aviation Administration earlier this week expressing the Board's "grave concern" over recent incidents involving the DC-10, and urging that attention be given to imposing limitations on speeds and distances which air*craft may taxi, and to setting* standards for re-treading of tyres.

A spokesman for the FAA confirmed this morning that a special team had been set up after the Los Angeles crash to review the certification of the DC-10 and to investigate in particular *landing gear and tyres. He said* an order was being drafted to *increase the weight loads which* aircraft tyres would be required to bear with safety.

The Board and the FAA have been investigating the Los Angeles crash which involved a Continental Airlines DC-10 on which two tyres burst as it took *off in the rain. The aircraft ran* off the end of the runway and caught fire. Two of the 180 passengers burned to death. Concern about the tyre problem was heightened by the fact that, on the same day, another Continental DC-10 had two tyres burst as it was leaving Honolulu. A *Philippine Airlines DC-10* carrying 61 passengers and a crew of 15, had eight of its 10 tyres burst when taking off from Honolulu on April 12.

Honolulu and Los Angeles require aircraft to taxi for relatively long distances and it is thought that the consequent build up of heat on the walls of tyres which may not have been at the required pressure may have contributed to the failures. The two tyres on the Los Angeles DC-10 were of different makes, suggesting that the faults may not lie with the manufacturers. American Airlines, a major operator of the DC-10, has asked the manufacturers to install a tyre pressure gauge on each tyre so that pressure readings may be easily taken. The first *of the aircraft bearing this mod*ification was delivered to American Airlines about a month ago.

Wheeling-Pittsburgh

Wheeling-Pittsburgh Steel an*nounced a first quarter loss of* $18.1m. compared with a loss of $18.8m. previously.

Union move may delay NYC aid decision

By Our Own Correspondent

NEW YORK, April 26.

A CONGRESSIONAL decision on the question of future financial aid for New York City may be further delayed by a transport workers' union move to hold a new ballot on its two-year pay settlement, which was negotiated recently.

The proposed deal, giving 6 per cent. pay rises and additional productivity payments, has been roundly con*demned by many bus and* underground workers, and there is more than a suspicion that it may have been turned down in the first ballot, which was due to have been counted yesterday.

It could be a month before the result of the new ballot is known, and this may impose a further delay on negotiations for a new contract for the 225,000 New York municipal workers.

Holzmann in DM2bn. Saudi order

Philipp Holzmann said it has received a DM2.4bn. order from the Saudi Arabian Ministry of Defence and Aviation for the construction of 2,000 houses. The company said the order will be completed within four years but gave no further details, *AP-DJ reports from Frankfurt.*

Trade adjustment aid

The U.S. Labour Department said 1,500 Hy-gain Electronics workers are eligible for special Federal benefits because they were laid off due to increased imports of Citizen's Band radio equipment. AP-DP reports from Washington. *Trade adjustment* assistance, available under the 1974 Trade Act includes job-hunting help and cash payments of up to 70 per cent. of a worker's weekly wage. Most of the workers were involved in the production and marketing of Citizen Band radios and *antennas, a Labour Department* official said.

Transformer equipmt.

Mitsubishi Electric has signed a Y10bn. contract to supply Iran with power transformer equipment including two 500,000 kv ampere transformers, switch gears and circuit breakers. Reuter reports from Tokyo. The equipment *will be installed at* a sub-station in Ziaran, west of Teheran, by early 1980.

Sudan defence radar

The U.S. Defence Department has notified Congress that it intends to sell to Sudan six Westinghouse air defence radars and communications equipment for an estimated $71m. Congress has 30 days to disapprove, Reuter reports from Washington.

Tokyo exhibition

The City *of Westminster* Chamber of Commerce, with the support of the British Overseas Trade Board, is sponsoring a group of British companies from the combustion and heat treatment equipment industry to *exhibit at the British Export* Marketing Centre during December 5-9, 1978.

H.K. 'a shop window'

The potential of Hong Kong to British exporters as a "shop window" to the Asian market was stressed in London yesterday by Sir Murray MacLehose, Governor of Hong Kong, speaking to representatives of over 100 major U.K. exporting companies. "I believe that, with attention, British sales to Hong Kong would be much bigger than they are," he said.

Last year U.K. exports to Hong Kong were worth about £270m., the same as exports to India, *two-thirds of her exports* to Japan and four times the worth of exports to mainland China. James McDonald reports.

Swiss clothing exports up

By John Wicks

ZURICH, April 26.

EXPORTS OF the Swiss clothing *industry increased in value by* 14.4 per cent. last year to Sw.Frs.546m., a third of all foreign deliveries going to Federal Germany and more than a fifth to Austria.

The increase was due partly *to a rise in average value per* item, export volume having risen by only 5.2 per cent. Contract production abroad declined significantly in 1977, due to the almost complete abandonment of such contracts with Romania.

Total turnover, according to a survey by the Union Bank of Switzerland, rose by some 5 per cent. to about Sw.Frs.2.2bn., production volume having expanded *by some 2 per cent. Some* three-quarters of all sales were on the home market, although those accounted for only about half the total Swiss consumption.

● There was a marked rise in Swiss *furniture* exports in 1977, *their value increasing by* 27.5 per cent. to Sw.Frs.165m

U.S. position on shipping conferences under fire

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

EUROPEAN AND Japanese shipowners yesterday brought the weight of academic argument to bear in their fight back against the U.S. Department of Justice's attempts to undermine liner shipping conferences.

The academic study, carried out by the University of Wales *Institute of Science and Tech*nology, says that last year's Justice Department *report on con*ferences contained "errors of fact, inconsistencies, contradictions, unsupported assertions and very selective use of quotations prejudicial to its conclusions.

It goes on to argue the case for strong, effectively closed liner conferences, in the interests of stability for shipowners and shippers and more efficient, *cheaper services for consumers*.

The new study has been partly *financed by the Council of European and Japanese National Ship*owners' Associations and its presentation in London yesterday was backed by a number of leading shipowners. Prof. Alastair Couper, one of the report's authors, *said its conclusions* were independent of the influence of any interest group.

The 270-page report will now be used as ammunition in forthcoming talks, the first of their kind, between the Consultative Shipping Group, which represents European and Japanese governments, and the U.S. authorities next month.

Copies have also been sent to the U.S. Congressmen who have brought forward a Bill to permit closed conferences in U.S. trades and to legalise shippers' councils able to negotiate with the conferences.

Among the central points of the Justice Department report under challenge is whether conferences on U.S. trades have gained monopolistic powers and used them to hoist shipment *charges to unacceptable levels*.

The department suggested *that between 1971 and 1975*, some rates had increased 124 per cent. and that general rates increased by 141 per cent.

But according to the new report, the actual revenue earned per container slot on the ships *increased by only* 67 per cent. because of slippage on published rates. Using shipowners' cost figures, the report says that in this period, the lines' costs per *slot, including capital charges* increased by 64 per cent., giving only a small and reasonable margin.

The research team's main recommendations are:

- no Government, in particular that of the U.S., should attempt unilateral control of *liner shipping*;
- liner companies in U.S. trades *should be permitted*, to organise strong conferences, pooling of ships and rationalisation of services;
- conference membership in U.S. trades should be restricted and greater freedom given to lines to offer shippers discounts for loyalty;
- conferences should accept a code of conduct and be self-regulatory;
- conferences should be able to offer inclusive rates covering land haulage of containers;
- shippers' councils should be established in the U.S.

The authors say that because of U.S. attitudes, typified by the Grand Jury action pending against *a number of shipowners* for alleged antitrust offences, liner services in U.S. trades are inefficient, high-cost and over-tonnaged.

If the authorities succeed in banning conferences, the report *says, there would be a rate war*, culminating in domination of the trade by a few large companies, which would be broken up under antitrust rules, creating further instability.

Bell cleared over Arab boycott

BY VICTOR MACKIE

OTTAWA, April 26.

PRIME MINISTER Pierre Trudeau informed the Canadian Commons that the recent $1.1bn. agreement between Bell Canada and Saudi Arabia has been examined by Government officials *who concluded that it* does not discriminate against Jews.

In addition, he said, there is nothing in the agreement or contract that would bar people of Jewish faith from going to Saudi Arabia.

The contract has been examined by Industry, Trade and Commerce Minister Jack Horner and his officials. Bell was very co-operative in indicating that it would comply with (and has, indeed, *done so*) the Federal Government's boycott regulations, the Prime Minister told the House.

He said there is a requirement in the Saudi Arabia visa documentations for an indication of the religious faith of the *applicants but there is no pro*hibition against admitting people of certain religious faiths into Saudi Arabia.

Herbert Gray, a Liberal MP, raised the question in the Commons on Monday. He said *Bell's recent contract* with Saudi Arabia was apparently acceptable, since the Canadian Government was supporting it through the Export Development Insurance Corporation, a Crown corporation.

Mr. Gray asked the Prime Minister on Tuesday in the Commons whether the Government had investigated.

The Export Development Corporation announced last week that it would insure up to 90 per cent. of Bell's risk in the $1.1bn. deal. It involves a contract by Bell Canada's subsidiary, Bell Canada International, to provide some 500 experts to train Saudi Arabians in the operation of a modern telephone system.

In a letter last week to Gordon Fairweather, Commissioner of the Human Rights Commission in Canada, Mr. Gray pointed out that recruiting for the work in Saudi Arabia was already well under way in this country. Half the required number of people *would come from within* Bell Canada.

Japan-Brazil aluminium deal

BY DIANA SMITH

RIO DE JANEIRO, April 26.

AFTER LENGTHY negotiations, *Brazil's Companhio Vale do Rio* Doce (CVRD) and Japan's National Aluminium Company (NALOCCO) have reached an understanding on their joint alumina/aluminium venture.

The formal agreement on the Albras (Aluminium)/Alunorte (alumina) complex is expected to *be signed within the next 30 days*.

CVRD will have a 51 per cent., and NALCO a 49 per cent. share in Albras and in Alunorte, CVRD will have a 60 per cent. share and NALCO 40 per cent.

Output will be diveded on the same proportional basis, and the Japanese share will be distri*buted among the 32 companies* that make up NALCO.

The Albras/Alunorte complex will be located near Belém, in the State of Pará, drawing on *CVRD's local bauxite reserves*, and availing itself of electricity supplies from the new Tucurui hydroelectric sheme to be built on the Tocantins River.

Until very recently there was some doubt whether the project *would go through. It was held to* be over-ambitious (with an initial production target of year—now halved to 320,000 tonnes) and ill-timed in view of 640,000 tonnes of aluminium a serious aluminium overstocking in Japan.

However, once a more realistic target was set, *the Japanese* partners agreed to move into the final stages of negotiations and Brazil's National Economic Development Bank, earmarked for a $513m. contribution to the total $1.4bn. investment reversed it earlier refusal to back the venture.

Production of alumina is due to begin in 1982, and of aluminium in 1983. The project will make Brazil self-sufficient in aluminium, thus avoiding imports of some $200m. a year.

● Three Japanese banks Daiichi-Kangyo Bank, Bank of Tokyo and long term credit bank, have agreed to arrange finance worth $700m. of the $2.6bn. budget for the Tubarao steel project in Brazil's Espirito Santo State.

*The Tubarao project is a tri*national joint venture shared by Brazil's Siderbras (51 per cent.), Japan's Kawasaki Steel Corporation (24.5 per cent.) and Italy's Finsider (24.5 per cent.).

Iran pipeline contract

BY CHRISTOPHER BOBINSKI

WARSAW, April 26.

THE Polish company Energopol is to participate in the construction of the third sector of the Igat 2 gas pipline in Iran. *The 310km. long sector* is to be built by a consortium made up of Energopol, Spie Capag of France and an Iranian company IRA.

Half the contract work will be done by Energopol, starting in June for completion by 1980.

The sector is part of a 1440km. long pipeline from the Gulf to the Soviet border. Work on other sectors *is being done by Soviet* and Italian companies.

The Igat 2 pipeline is exactly the same diameter as the Orenburg gas pipeline which is being constructed in the Soviet Union by companies from the Comecon countries (Energopol among them) and which is to run from *Orenburg to the Soviet western* border.

LNG contract confirmed

TEHRAN, April 26.

A SPOKESMAN for the National Iranian Gas Company to-day confirmed that agreement has been reached with Norway's Kvaerner group for the construc*tion of a floating LNG terminal* and support facilities, worth some £400m.

The confirmation follows denial this week of a firm contract, which was described to-day as "more than a letter of intent."

Financing is thought not to have been settled yet. AP-DJ

GULF RETAILING

Shaikh Ghanim's new souq opens

BY DOINA THOMAS

THIS WEEK an $8.5m. new superstore opens in Doha, capital of the oil-rich emirate of Qatar. The *Doha, capital of the oil-rich* emirate of Qatar. The Doha centre can take its place among the most modern retail complexes in Europe or the United States. But the economics of the operation would make the average Western retailer blench.

Everything sold in this 80,000 *sq. ft., fully air-conditioned store* will have to be imported by air *or sea from Europe*, the U.S. and the Far East.

The *population of Qatar* is about 180,000, roughly half in Doha and including about 40,000 Qataris. Those 40,000 admittedly have an estimated per capita annual income of more than $11,000 but their society is as conservative as that of Saudi Arabia. Qatari women are seldom seen *shopping*.

The orientation of the store is *towards Western expatriates, who* cannot number many more than 5,000 souls, and the Arab administrative elite, say another 10,000 people.

Yet the store is confidently expected to be a success.

The first main reason for optimism is that competition is *virtually zero*, particularly in food retailing, which will become *an important part of the Doha* centre's operations. The second is that the average expatriate shopper in Doha, as elsewhere in the Gulf, is not price-sensitive. She is not going to blink at paying a dollar for canned fruit or $5 a pound for fillet steak. The fact that the goods are available at all outweighs the price issue, and that everything can be bought under one, air-conditioned roof.

The Doha centre has been built for a member of Qatar's ruling family, Shaikh Ghanim bin Ali al Thani and will be managed by Bharat Jashanmal, a third-generation member of the successful Gulf department-store-*owning Jashanmal family*. The Jashanmals own 10 stores in the Gulf from Kuwait to Ras al Khaimah, and the Doha centre, known to Doha's cabbies as Shaikh Ghanim's new souq, will be the first operation in which the family has no financial stake. It has a pure management contract with the fee related to turnover and profitability.

The cruciform, single-storey centre will carry the same range *of goods as the Jashanmal*-owned department stores elsewhere in the Gulf: the normal range of department store merchandise except furniture and furnishings.

The 20,000-square-foot supermarket will stock basic packaged groceries, luxury items and delicatessen products, but its main attraction will be the regular supply of fresh meat. *The meat is from* a *wholesaler on* the West Coast of the U.S. and four-fifths of the supermarket's other goods will be American.

The American Tradewell chain will be the principal supplier and it is planned to bring the goods to Doha by chartered DCS once every 10 days. A single DCS charter might cost as much as $80,000. It can carry up to 40 tons.

Bharat Jashanmal chose American suppliers because their range was more extensive, their availability of goods better and they showed more interest than *the British, traditional suppliers* to the Gulf states.

Senior store staff, however, were largely recruited from Britain, including, to the great excitement of Doha's young men, 15 salesgirls for the cosmetics, clothing, jewellery and other departments. Salesgirls is probably a misnomer, for they are highly experienced, competent ladies, *some of whom* were departmental manageresses in Britain.

The girls have been on an orientation course organised by MDO, the Beauchamp Place export sales consultancy, to prepare them for life in Doha and to refresh their merchandising and *display knowledge*.

Other members of the store's *staff have* been mostly recruited from the Indian sub-continent and they will be given courses locally.

One retailing feature with which the girls *will* not be familiar is the uniquely Arab idea *of a private, ladies-only section*. Qatari women do not as a rule shop in public (except in London) but when the women of the ruling family, or of the leading merchant houses, wish to *buy jewellery or dresses*, the retailer makes sure there are no other customers in his shop.

To cater for these wealthy and usually free-spending ladies, the Doha centre has a special covered ladies' entrance, directly accessible by car, to lead the women straight into a sitting room-like sales area with sample displays of the goods available. Sales assistants will fetch from the rest of the store whatever the women wish to inspect.

The ladies' section is the only concession to tradition in the Doha centre, which can confidently claim to be the most *modern store in the Gulf*. It was designed by the British consultancy, Fitch and Company, and built by Midmac Contracting, under the supervision of quantity surveyors Langdon and Every.

Construction took a little over a year and the centre was completed virtually on time, give or take a few weeks, a minor miracle *itself in the Gulf.*

The idea of a management contract for a retail operation is a new one to the Gulf and if the Jashanmals make a success of the Doha centre, it is highly likely to be imitated in more populous places. And many British suppliers, particularly *foodstuffs*, will show a greater interest than they did in the Doha venture.

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Lloyd's syndicate members asked for cash payment

BY JOHN MOORE

MR. FREDERICK SASSE, head underwriter of suspended Lloyd's syndicate number 762, locked in a $13m. claims row with a Brazilian reinsurer, has written to the 109 members of the syndicate asking for a cash payment.

The letter, dated last Friday and signed by Mr. Sasse, explains that claims are so heavy on the property insurance contracts disputed by Instituto de Resseguros do Brasil, the Brazilian reinsurer, that "it is necessary to ask for a preliminary payment." amounting to "£10,000 for each £40,000 premium limit allocation." Payment is requested for Friday, May 19.

Mr. Sasse tells the underwriting members that the dispute with the reinsurer has not been resolved, and that the claims on the 1,300 property contracts are "causing a severe burden to the syndicate.

"The Committee of Lloyd's asked the syndicate auditors (de Paula Turner Lake and Co.) to carry out a preliminary assessment of the open years audit position, and the figures arrived at from this entirely preliminary calculation were as follows for a share with a £40,000 premium limit: 1976 account, deficit £40,750; 1977 account, deficit £8,100."

The payment requested thus represents only a payment on account, and will be regarded as a payment towards the two years' stated deficit.

However, underwriting members of the Sasse syndicate are also asked for a further payment, relating to the 1975 account which has just been closed.

Mr. Sasse says hat "unfortunately both the settlements and outstanding claims notified during the third year of the 1975 underwriting account were higher than anticipated and as a result there is a loss on the closing of the 1975 account."

A further cash balance of about £6,000 is requested from a member who has underwritten a share of the premium of £40,000.

Although the Sasse syndicate has been honouring all claims that have arisen on 1,300 property contracts, mainly fire and damage risks in the poorer parts of New York, the Brazilian reinsurance group has refused to settle under the terms of reinsurance.

The case will come before a court next month.

Merseyside supports Japanese truck plan

BY RHYS DAVID

MERSEYSIDE County Council has told the Government that it supports plans to open a truck assembly plant in Liverpool for Japanese vehicles.

The plan is causing acute embarrassment at the Department of Trade because it promises to by-pass the agreement reached between the British and Japanese Governments on restraining Japanese exports this year.

At the same time, British Leyland's commercial vehicle division, which is spending about £100m. worth of Government funds, has let it be known that it opposes the introduction of heavy Japanese trucks to the U.K.

The project is attractive to Liverpool since it would mean new jobs for about 700 people in an area which is likely to lose more than 3,000 this year from the closure of part of Leyland's Speke plant.

It will mean building 6,000 Hino lorries a year under the control of J. Harris Assemblies, an Irish company already making the Hino product in the Irish Republic.

Harris produces about 35 trucks a week at its assembly site near Dublin and took more than half the Irish market of 2,700 heavy commercial vehicles last year, previously largely supplied from Britain.

Details of the proposed scheme for Liverpool have yet to emerge but the Harris organisation claims to have found a site and has said it will start operations in August with 100 men producing 1,500 trucks in the first year.

The company has not gone through any of the established development bodies covering Merseyside and has not approached the Department of Industry.

It is unlikely, however, that it would qualify for the various grants available to new manufacturing industry setting up in the development areas.

Though each case is decided on its merits, assembly work could be classified as service industry unless at least half of the operation represented true manufacturing.

Sir Keith outlines Tory plans for Post Office

A CONSERVATIVE government would greatly reduce Post Office control over telecommunications as "one of its earlier pieces of legislation," according to Sir Keith Joseph, the Tory Industry spokesman.

Sir Keith says in an interview in Computer Weekly that the Conservatives plan to leave the Post Office with exclusive control over the switching network, but allow private industry to sell telephones and other telecommunication equipment directly to the customer.

There was still discussion within the party on whether to open the postal service to free enterprise.

At present, only a limited amount of telecommunications equipment is supplied directly to the customer by the manufacturer. The equipment is generally supplied to the Post Office in the first place, and then sold to the customer.

Mr. Brian Stanley, general secretary of the Post Office Engineering Union, said last night that the denationalisation of Post Office telecommunications *would be an "unmitigated disaster"* for the customer.

'Two-thirds' of housing spending approved

THE GOVERNMENT has approve only two-thirds of the housing expenditure plans by local authorities for 1978-79, according to the National Federation of Building Trades Employers.

A study by the federation's housing directorate shows that while local authorities wanted to invest £3.52bn. in housing in the present financial year, they have been given the go-ahead for only £2.42bn.

The study was based on the first crop of housing investment programmes which councils are required to submit annually to the Department of the Environment under the new system of central Government control over local authority housing investment.

In their investment programme documents, councils set out an appraisal of housing need in their areas, a strategy for meeting that need and a proposed investment programme for the next four years.

The federation says that as a result of the Government's action over the submitted investment plans local authority housing investment will be only 4 per cent. higher this year than in 1977-78, against the 52 per cent. rise asked for by the authorities.

According to the federation's report less than half the local authorities' total planned expenditure on grants and loans to the private housing sector for improvement and purchase has been approved.

Mr. Clifford Darley, director of housing for Wirral Borough Council, Merseyside, told the Royal Society of Health conference in Brighton that building standards were so high that much property now being built would be out of reach of tenants wanting to buy their homes.

Cardiff-Brazil cargo service

THE FIRST ship on the new service between Cardiff and north Brazil was loading at the Welsh port yesterday.

The m.v. Manuela, 8,350 tons deadweight, was loading steel, and general cargo. The operators, Empresa de Navegacao Alianca, will use Cardiff as the sole U.K. port for the monthly service.

Mr. Eric Mackintosh dies aged 71

MR. ERIC MACKINTOSH who died yesterday, was chairman of John Mackintosh and Sons at the time of its merger with Rowntree.

The third son of the founder of what became one of Britain's largest confectionery companies, he joined the business in 1925.

Four years later, he was appointed managing director. In 1965, he took over as chairman. When the company merged with Rowntree in 1969, Mr. Mackintosh became joint deputy chairman of Rowntree Mackintosh. He retired in 1973.

Mr. Mackintosh, 71, had been ill for some time. He was awarded the CBE in 1946, having served as director of the Cocoa, Chocolate and Confectionery division of the Ministry of Agriculture during the war.

He was High Sheriff of Norfolk from 1971-72.

Freight Corporation trade profit rises

BY IAN HARGREAVES AND PAUL TAYLOR

THE National Freight Corporation, *"swimming strongly against the tide,"* improved its trading profit last year by £9m. to £13.5m., but still registered a net loss of £9.5m.

In its annual report, published yesterday, the corporation warns that, in spite of measures now before Parliament to write off £53m. of its capital debt and provide other financial benefits, improvement in the balance-sheet will be difficult to achieve.

The report says that last year, a year of "low economic activity and intense competition," much progress was made in reducing *costs and overheads in real* terms.

"In future years, profit performance will depend much more on obtaining prices and increased volumes of business which reflect improved service levels and special skills."

Turnover rose 14 per cent. last year to £387m. and the corporation's projections show only a modest 1 per cent. real increase each year.

It says that the Government's financial reconstruction, writing down the coporation's capital liabilities from £153m. to £100m., should put it into net profit next year.

Most of the corporation's members improved their trading performance last year and National Carriers made its first trading surplus of £0.5m.

British Road Services had a record trading profit of £6.8m., an increase of £1m. on 1976. The net surplus was £2m.—slightly down on the previous year.

Freightliners, the road and rail container carrier which the present Transport Bill transfers to British Rail ownership, had a slightly disappointing year, with trading profit falling slightly to £1.4m. on a turnover of £46.1m.

Roadline U.K., the parcels network company, recovered from a £1.1m. trading loss to register a surplus of £0.9m. last year on receipts of £46.6m.

British Express Carriers, a group of parcels companies, traded at a £0.1m. loss, after a £0.5m. loss in 1976.

The Special Traffics group as a whole increased sales by 23 per cent. to £72.6m. and lifted trading profit from £2.7m. to £3.2m., resulting in a net loss of £0.2m.

Lawther and Harvey, the Belfast freight company, had static profit, but Cartransport slumped to a £1.1m. trading loss.

Pickfords Removals and Pickfords Travel Service showed a strong profit improvement to £2.1m. at trading level and Tempco International, the refrigerated goods transporter, made £0.7m. trading profit on sales of £3.1m.

Plan now for long-term energy needs–Minister

FINANCIAL TIMES REPORTER

A WARNING against allowing a "temporary abundance of energy supplies" to obscure the *seriousness of the long-term* prospect was given yesterday by Mr. Alex Eadie, a junior Minister at the Department of Energy.

Mr. Eadie, told the annual conference of the Midlands area *of the National Union of Mine*workers, that the country must use a period of self-sufficiency in energy to develop the coal industry.

"In the next century we, like other countries, will be relying largely on coal, nuclear power and renewable sources for our *energy supplies, and on conser*vation measures to make our energy use efficient. We must lay the foundation for this strategy now."

Future markets for coal would *exist in the traditional areas of* power generation, industry and the home. There would be new markets for oil and gas from coal, and for chemical derivatives.

New London evening newspaper project 'at advanced stage'

BY JOHN LLOYD AND MAX WILKINSON

PLANS FOR another London evening newspaper are being seriously considered by Associated Newspapers, which publishes the London Evening News and the Daily Mail.

Associated's main rival, Express Newspapers, publishers of the Daily Express and London Evening Standard, has already said that it is considering plans for another London evening newspaper.

Mr. Louis Kirby, editor of the Evening News, said yesterday that no firm decision had been taken on the launch of a new London evening newspaper by Associated, but he confirmed that plans were at a "fairly advanced stage."

He was not prepared to disclose the company's detailed strategy before it was ready to go ahead with the project.

Associated has been discussing the idea of launching a third London evening newspaper for some three years.

Discussions

It is probable that a new London evening would compete for the "popular" market served by the Daily Mirror and the Sun.

This market has been left open by Associated's decision to move the Evening News up market into the Standard's territory.

Earlier this year, Express Newspapers said that it also had plans for a new London evening newspaper with a target circulation of about 250,000.

Mr. Charles Wintour, managing director of the Daily Express, said that the Express Group's plans for its evening newspaper were now at dummy stage. No decision had yet been taken on the launch.

Plans for a new Sunday newspaper, which have also been considered by the Express Group for the last two months, were not so far advanced. Discussions *with the parties who might* be involved in the production of the Sunday newspaper were still going on.

Both groups have been stimulated by the fear that Mr. Rupert Murdoch's News International, publisher of the Sun, might move into the London market with an evening newspaper of the more sensational type.

So far, News International has been unable to go ahead with its *ambitions in this direction*. One difficulty is that its present premises in Bouverie Street are *already too small for the growing* Sun. The group is looking for a site on which to expand.

A second *difficulty is that News* International would have to set up a completely new distribution network if it wished to branch into evening paper production.

De Beers imposes 25% surcharge

Financial Times Reporter

CUSTOMERS of the De Beers central selling organisation were told yesterday that a surcharge of 25 per cent. would be applied to all rough diamonds offered at the London sale starting on Tuesday.

The rate is in line with industry expectations, but there is some dismay that the surcharge was not made variable, *with its level dependent on the* category of the stones sold.

This compares with the 40 per cent. surcharge imposed on the last sale early this month, and appears to confirm that De Beers has partly achieved its aim of cooling speculation in uncut stones by levying discretionary increases.

Diving contract

STRONGWORK Diving (International) has been engaged by Phillips Petroleum Company to carry out underwater inspections *of four gas production platforms* in the North Sea Hewett Field. Strongwork will have two diving teams engaged on the work, each responsible for the inspection of two platforms.

HOME NEWS

Scottish output 'may grow only 1 per cent.'

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE BUDGET measures to stimulate the economy are unlikely to have much immediate effect on output in Scotland, which is expected to grow by only 1 per cent. this year, according to the Fraser of Allander Institute.

The institute's Quarterly Economic Commentary, published yesterday, paints a fairly gloomy picture for the short-term outlook.

Forecasts made using a new econometric model of the Scottish economy reinforce the pessimism that the institute has shown over the last 18 months.

The growth in manufacturing output will be insufficient to maintain employment, and the institute expects a loss of 5,000 jobs this year. This will be partly offset by an increase of 3,000 jobs in service industries, however.

Unemployment in Scotland (180,000 this month on the unadjusted figure) is expected to rise to 210,000 by August, although it may level off thereafter.

Wages in manufacturing are expected to rise by slightly less than the 13 per cent. predicted by the National Institute for the U.K. as a whole.

But if inflation remains in single figures for the rest of the year, the Fraser Institute predicts that real incomes will rise.

The commentary suggests two policy measures which could aleviate unemployment in depressed regions. Reintroduction of regional employment premium with a bias towards skilled jobs could go some way to retrieving ground lost last year.

An initiative by the Government to force up the level of overtime payments from time-and-a-half to double or triple-time could encourage employers to take on more labour, rather than relying on an increase in overtime to meet extra demand.

Quarterly Economic Commentary, Fraser of Allender Institute, 100, Montrose Street, Glasgow, G4 OLZ. 60p.

Promising future for jewellery makers predicted

FINANCIAL TIMES REPORTER

A NEW survey forecasts a buoyant market and promising future for British jewellery manufacturers.

A Jordans Dataquest survey, based on the financial returns of nearly 200 U.K. jewellery companies, finds that the industry survived the 1975-76 recession better than most and made a strong recovery last year.

London diamond dealer A. Monnickendam is selected as the best performer with a 61 per cent. sales growth and 12 per cent. return on sales.

In general terms, the survey shows costume jewellers, electroplaters and silversmiths suffered most during the recession.

Chain, ring and ear-ring makers weathered the time best. Watch strap makers have performed particularly well.

Only 5 per cent. of the companies showed losses in their latest returns, but while profit margins (pre-interest profits over sales) are said to be adequate, averaging 9.3 per cent. for the ten largest private companies, the smaller companies appear less profitable.

Within the clock and watch sector, the survey suggests that only the importers have maintained adequate profit margins and profitability, while some degree of rationalisation is expected in the silversmiths' and platers' sector.

The survey also gives warning of "rather dismal trading results" in the costume jewellery market unless brand images are established.

Assessment

Jordans makes no predictions about the impact of De Beers' recent decision to impose a surcharge on diamond prices at its sales.

In an overall assessment of the industry, the survey draws attention to the fragmented nature of the market where there are large numbers of family concerns, but in which the four companies, including the Royal Mint, which employ more than 500 people, control 46 per cent. of the turnover.

Branding is still virtually non-existent and with a few exceptions most retail outlets are controlled by one-shop organisations.

Jewellery Manufacturing. Jordan Dataquest, Jordan House, 47, Brunswick Place, London, N1 6EE, £32.

Dover plans new berths for cross-Channel ships

FINANCIAL TIMES REPORTER

PLANS HAVE been submitted by the Dover Harbour Board to the National Ports Council and the Department of Transport for a new £8m. two-berth roll-on roll-off dock.

The berths, capable of handling the next generation of larger cross-Channel roll-on roll-off ships, are due for completion by Easter, 1980. The Government is expected to approve the plans this summer enabling construction work to begin in September.

The plans reflect an increasing demand for Dover's roll-on roll-off facilities, particularly for freight traffic, and an optimistic future for the port in the aftermath of the Channel tunnel debate.

The berths are phase four of an expansion programme which began in the 1950s and has so far included the building of four berths and most recently a land reclamation scheme to provide extra freight parking space and better office and passenger facilities.

Expansion in the Eastern Docks area has been made possible by moving the hoverport site to the West. The two new berths will provide docking space for roll-on roll-off ships carrying up to 500 cars or 30 freight vehicles with a turn-round time of less than 90 minutes, providing greater handling capacity and versatility to existing operations.

Shell investment up 30% on last year

BY RAY DAFTER, ENERGY CORRESPONDENT

THE Royal Dutch-Shell Group is planning to invest about £1.55bn. throughout the world—except North America—this year, almost 30 per cent. more than last year. Next year, the group could spend more than £1.66bn.

Almost £720m. of this year's expenditure will go towards oil and gas production: the bulk of the money—about £442m.—will be used to develop new fields in the North Sea.

The figures were outlined by Mr. Howard Macdonald, group treasurer and a director of Shell International Petroleum Company, at a meeting of the Los Angeles Society of Financial Analysts.

Shell's share of North Sea production, which averaged 40,000 barrels a day last year, was expected to be virtually doubled this year.

By the mid-1980s, Shell's North Sea production, from fields like Brent, Cormorant, Dunlin, and Fulmar, should be approaching 500,000 barrels a day of oil and natural gas liquids, with dry gas deliveries averaging some 700m. cubic feet a day.

By 1980 Shell's investment on a cumulative basis in the North Sea will be well over £1.65bn. "This illustrates why the North Sea is often referred to as a giant cash sink," said Mr. Macdonald.

Prospects for the group's oil tanker operations had deteriorated. Until quite recently, the fleet was expected to be in better balance by next year.

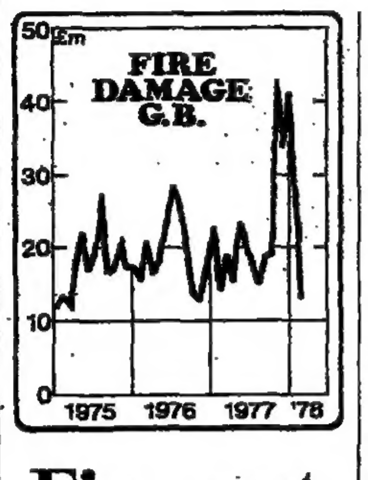
Only one ship—a time-chartered very large crude carrier — was laid up.

"But the outlook for oil demand over the next few years, combined with the impact of growing volumes of short-haul crudes, indicates that the looked-for tonnage balance has receded by a year or two," he said.

The short-term outlook for oil supply and demand was "problematic." During the first quarter of this year demand in non-Communist countries increased by more than 3 per cent., but there was an exceptionally large amount of oil drawn from stocks.

As a result, the call on crude oil from the Organisation of Petroleum Exporting Countries was down to less than 29m. barrels a day, 3m. barrels below the level in the corresponding quarter last year.

Demand was particularly slack for the light, low-sulphur African crudes, which had been overpriced in relation to the heavier, higher-sulphur Middle East oil and must now compete with growing volumes of North Sea oil.



Fire cost down by £10m.

BY ERIC SHORT

FIRE damage costs in March fell by more than £10m. to £13.4m., according to figures issued yesterday by the British Insurance Association. This is the lowest monthly damage figure since November 1976, and is nearly £8m. less than the cost in March last year.

However, the total for fire damage costs in the first quarter of this year, amounting to £78.7m., is 41 per cent. above that for the corresponding period last year.

January's costs were affected by the firemen's strike, while February's costs were also abnormally high although for no specific reason.

During March there was only one fire—at an office block in East London—where damage exceeded £1m., and only nine others where damage exceeded £250,000.

In January, eight fires cost more than £1m. and damage exceeded £200,000 for 23 fires. Also in March, there were 25 fires in public buildings where damage exceeded £35,000.

Terry Kirk

THE GREATER London Council plans to proceed with phase two of the new Jubilee Underground line in spite of Government opposition, and finance the £45m. project from the rates if necessary.

The council and the Government look set for a long fight, after the announcement yesterday by Mr. Horace Cutler, the council leader, that the line would be built "with or without Government support."

Mr. Cutler said after giving *London Transport permission* to begin preliminary excavations for the section of the line from Charing Cross to Ludgate Circus, via Aldwych, that he was not impressed by the Government's threat of sanction should the council decide to "go it alone."

If the Government blocked the council's loan sanction and refused financial help, the council would "raise it from the rates and damn the Government." This would probably mean an initial 1p on rates for five years.

The first stage of the Jubilee Line, extending the existing Stanmore to Baker Street section of the Bakerloo line via Bond Street and Green Park to Charing Cross, is due to be opened this year.

The second section will link Charing Cross with Fenchurch Street, and be followed by sections reaching out to Docklands.

Mr. Cutler is seen above symbolically beginning the first of a series of trial holes at the the Aldwych station site by briefly picking up a pneumatic drill near St. Clements Dane Church, Strand.

The exploratory work at the Aldwych is likely to last three months and cost £50,000. Construction work is due to begin this autumn, once formal council permission has been given.

British and Irish line profits hit new record

By Ian Hargreaves, Shipping Correspondent

THE BRITISH and Irish Steam Packet Company almost trebled its net profit last year to a record £739,000 reflecting the first upturn in Irish tourism since 1973.

The line, owned by the Irish Government, also created 200 new jobs last year by intensifying car and freight ferry schedules. Further capacity will be created when a fourth car ferry, under construction at the Cork Verolme shipyard, comes into service at the end of this year.

Mr. Michael O' Keeffe, chairman of British and Irish, presenting his annual report in Dublin, said that last year's figures would have been even better but for labour disputes costing £320,000 at Liverpool and Rotterdam.

By mid-1979, the line planned to operate from the new ferry terminal at Pembroke Dock, Milford Haven, and start an Irish Sea jetfoil service in the 1980s.

It had an option on a Boeing craft, one of which is in service with P & O between the Tower of London and Zeebrugge, Belgium.

Fillip

The outlook for this year is said to be encouraging, with more bookings than at the same stage last year and the prospect of an extra fillip to the balance sheet from the recently introduced law permitting sale of duty-free goods on Irish Sea crossings.

British and Irish predicts a minimum £500,000 net profit from duty-free sales in a full year.

Because of improved performance last year, the line's executives who agreed to link their pay increases to improvements in profitability have this year been fully reimbursed at a cost of £167,000. *This figure is deductible* from the net profit figure of £739,000. Turnover last year was £32m.

Crystal Palace to have Sainsbury superstore

BY JOHN BRENNAN, PROPERTY CORRESPONDENT

J. SAINSBURY is to build one of London's largest superstores in a joint development with Crystal Palace Football Club on the club's ground at Whitehorse Lane, near Croydon.

It plans to build a 76,750 square feet store next to the football club's stadium. The scheme includes provision for a 500-space car park, a new supporters club, squash courts and an extension of Palace's northern stand over the roof of the store.

Building work is expected to start in the winter of 1978-79, and will take two years.

Mr. Raymond Bloye, club chairman, said yesterday that the development of the Whitehorse Lane site "is a complete justification of the decision taken by Matthews Holdings in 1975 to advance £275,000 to the club."

Mr. Bloye, who was Matthews' chairman in 1975, ran into a storm of criticism at the time for making the loan to a club with which he was so closely associated.

He says that Matthews, which was taken over last year by Thomas Borthwick the foods group, "will receive substantial fees for managing the project."

Stiffer medicals urged for pilots

By Michael Donne, Aerospace Correspondent

STIFFER MEDICAL tests on potential airline pilots, to try to discover those with a higher risk of heart disease later in life, are recommended in a report on pilot's health from the Royal College of Physicians.

Produced by a working party set up following the Papa India Trident crash near Heathrow in 1972 in which a heart attack suffered by the captain was believed to be a contributing factor, the report suggests that pilots should be given more detailed advice on how to keep fit.

For example, it suggests that smoking should be taken into acount when assessing a person's fitness to be trained as an airline pilot.

It is pointed out that, in spite of the Papa India crash, no scheduled aircraft has been lost in the U.K. in the last 15 years because of the pilot being physically incapacitated. But in 1975, 65 pilots lost their licences, 41 because of heart conditions.

To try to cut this figure, the working party recommends that there should be a fuller health check before training, and that the panel of doctors carrying out such checks should include senior consultants to ensure uniformly high standards.

Appeal

Where an airline pilot loses his licence on health grounds, he should b eable to appeal to an advisory council of 12 heart experts, who, together with a union representative, would have to make a unanimous recommendation to the Civil Aviation Authority which in turn would take the final decision.

So far as pilots' general health is concerned, the working party strongly urges that smoking be discontinued, or at least substantially reduced, that drinking alcohol also be reduced, and pilots should be advised of the dangers of overweight and insufficient exercise.

More research on the effects of sleeping pills and sedatives is also needed.

Professor John Goodwin, chairman of the working party, said the aim had been "to keep the maximum number of pilots flying with maximum safety. Once a pilot has obtained a licence, we will do everything possible to keep him fit and flying, rather than grumbling and grounded."

The Civil Aviation Authority, however, while welcoming the report, pointed out that many of its recommendations had already been implemented.

Rio Tinto in new partnership

Financial Times Reporter

RIO TINTO ZINC has joined with Virginia Chemicals, a U.S. concern, to form a new sodium hydrosulphite manufacturing company, RV Chemicals, based in the U.K.

The new company is 60 per cent. owned by Rio Tinto Zinc and 40 per cent. by Virginia Chemicals. It is to be based at a new £4.9m. plant in Widnes, Cheshire.

Sodium hydrosulphite is used in the textile, pulp and paper and speciality clay industries.

Independent airline buys Boeings

By Our Aerospace Correspondent

BRITANNIA AIRWAYS, an independent airline which is part of Thomson Travel group, is buying two more Boeing 737 short-range jets, worth about £4m., for delivery later this year.

They will be the fifteenth and sixteenth 737s bought by Britannia from Boeing. The airline has three more acquired elsewhere. This summer Britannia will make about 450 tourist flights a week to Europe and North Africa.

Norway and U.K. plan safety pact for North Sea

FINANCIAL TIMES REPORTER

AN AGREEMENT between Britain and Norway to pool resources and take joint action over accidents in the North Sea should be ready in draft form by the end of this year, Mrs. Gro Harlem Brundtland, Norwegian Minister of the Environment, said yesterday.

Mrs. Brundtland, in London for a meeting with Mr. Peter Shore, the Environment Secretary, said that it was hoped this bilateral contingency plan would make it possible to cope more effectively with North Sea accidents if and when they occurred.

The agreement was being processed by civil servants and would be ready for consideration by politicians at the end of the year.

She would raise the question of air pollution across national borders at her meeting with Mr. Shore. The harmful effects of sulphur pollution had already been established and an international agreement on methods of control was needed.

"This problem will increase unless we have some kind of international agreement to limit sulphur emissions. There will be strong political arguments in individual countries to the effect that their national industries cannot carry the full cost.

"Norwegian industry is not allowed to use oil containing more than 1 per cent. of sulphur but in the U.K. industry uses oil with a sulphur content of up to 3 per cent. The problem is that oil with only 1 per cent. sulphur is more expensive.

"Surveillance carried out through the Organisation for Economic Co-operation and Development shows that air pollution is being exported. Norway is asking the U.K., Germany and other European countries to reduce their emissions of harmful substances because of the effect it is having on our environment."

The littering of the seabed had also roused considerable public interest in Norway. Evidence had been found of waste on the bed of the North Sea, even though oil companies had reported completion of clean-up operations.

Dumping had a most important effect on the marine environment; but here again Norway and the U.K. had different views on the level of oil parts per million of water that should be permitted in the waste flowing from North Sea platforms.

Forces pay increase proposal defended

BY MICHAEL DONNE, DEFENCE CORRESPONDENT

PAY RESTRAINT measures designed for industry could not fairly be applied to the Armed Forces, Sir Harold Atcherley, chairman of the Armed Forces' Pay Review Body, said yesterday.

Defending the Review Body's recommendations of immediate pay rises with further increases to restore comparability with pay rates in civilian life by April 1, 1980, Sir Harold said it would have been attractive for the Review Body to opt out of the problem and let the Government solve it alone.

"But that would have been an unhelpful approach, and it would not, I believe, have done the Armed Forces any good. Our job is to advise, and I am in no doubt that we must continue to do that, however, rough the going."

He also gave a warning that unless some way was found to maintain th Armed Forces' pay in relation to the outside world, systems based on comparability "may fall into disrepute and need to be replaced."

Sir Harold, who was speaking to the Royal United Services Institute in London, said that the present talk of trades unionism for the Services "arises lragely because the review system is believed to be shackled.

"If that belief should grow, the talk of trades unionism could well be translated into fact."

For the Review Body to be responsible for assessing charges against pay—such as for food and accommodation—was "at best a mixed blessing. It ensured that the Review Body was always potentially the villain of the piece—the smiler with the knife."

Nevrtheless, the Review Body was "less steely" than the eye of the Treasury.

Howell urges tax changes

FINANCIAL TIMES REPORTER

WEALTH SHOULD be pushed down to th grass roots of society through a programme of tax policies to create a "property-owning democracy" in which everyone had a stake, Mr. David Howell, Conservative spokesman on Home Affairs, said yesterday.

Mr. Howell told a conference on employee share ownership schemes, in London, that not enough people knew what assets were, let alone owned them.

"Not overnight, but certainly over the next few years, this can be changed—to the great benefit of hte free, ordered and reasonably prosperous society in which most of us want to live."

There should be tax changes to encourage saving, expand home ownership and encourage share ownership and share option schemes for employees.

Other schemes to link employees with performance should also be encouraged and workers in the nationalised sector should also be helped to acquire income-earning assets in their corporations.

Sotheby's sells Picasso etching for £20,000

LE REPAS FRUGAL, the Picasso etching of 1904 which invariably fetches good auction prices, sold for £20,000, at the bottom of its pre-sale estimate at Sotheby's yesterday. It was bought by Tunick, the New York dealer. Mondschein, a woodcut by Edvard Munch, was on target at £17,000. The sale totalled £421,036.

In the morning session, which brought in £206,280, a Rembrandt etching, The Three Trees, sold for £15,000, and Vedute di Roma by Piranesi, made £14,000. Another Rembrandt, Old Haaringh, fetched £12,000, while the £8,000 paid for A Recumbent Leopard by a Tree, by George Stubbs, set an auction record for a print by this artist.

Baskett and Day gave £8,000 for another Stubbs, A Sleeping Leopard. Two more engravings by Stubbs of wild animals, discovered by a dealer in a scrap book, sold for £6,200 and £3,400 respectively.

Another artist's record for a print was the £4,600 paid for Three Oaks, by Jacob Ruisdael.

A silvert-gilt tea service, engraved with cherubs, and made by Johann Cristoph Treffler in Augsburg around 1690 was the highest-priced lot in Christie's sale of silver in Geneva on Tuesday. It was bought by How of

SALEROOM

BY ANTONY THORNCROFT

Edinburgh, the London dealer, for £45,454. The sale totalled £545,520.

An anonymous bidder paid £27,348 for a German silver-gilt wager-cup, c. 1590, modelled as a lady in a long skirt.

An anonymous bidder also bought a pair of Louis XV table candlesticks by Alexis Loir, Paris 1748, for £17,900.

A large Louis XVI mirror of shaped rectangular form by Jean-Charles-Roquillet Desnoyer, Paris, 1784, also sold anonymously, for £13,774.

The objects of vertu auction at Geneva on Tuesday and Wednesday brought in £422,146 or 1,532,390 Swiss francs. Koopman, the London dealer, paid £24,517 for an 18 carat gold chess set. An English jewelled and gold mounted snuff box of around 1750 sold for £11,019; Gallerie Dulac of Geneva gave £8,815 for a Louis XVI oval gold mounted snuff box, and the same sum secured another Louis XVI gold snuff box for Wartski.

Back in London yesterday, Christie's disposed of travel and natural history books for £105,642. Top prices were the £7,500 for the eight volumes of Daniell and Aytons *Voyage Around Great Britain* and the £4,700 from Foyles for David Roberts Holy Land, Syria, etc.

Christie's in South Kensington sold furniture for £44,138, and pictures for £80,419, with a good price of £3,400 for a Dutch frozen canal scene by Jacob Spohler.

Engineers seek a wider voice

BY DAVID FISHLOCK

THE CREATION of an Institution of Manufacture, eventually bringing together mechanical, electrical and production engineers, is proposed by the Institution of Production Engineers in evidence submitted to the Government's inquiry into the engineering profession, headed by Sir Monty Finniston.

The production engineers base their case on the argument that the paramount consideration before the Finniston inquiry should be national interest, not the status of individual engineering institutions.

They argue that efficiency of manufacture should be the Government's over-riding concern, because manufacturing industry stands "at the threshold of a major revolution in the spheres of manufacturing management and technology."

They urge greater Government commitment to the manufacturing industry—to education and training, to "knowledge transfer," and to human and social effects.

Dr. Peter Jost, president of the Institution of Production Engineers, said yesterday that it was now becoming clear to Government, unions and industry that as many as 3m. more jobs would disappear by the end of the century unless industry could absorb new manufacturing technology efficiently and quickly.

The Institution says in evidence that, by Royal Charter, it has a commitment to management not shared by the other leading engineering institutions, so its evidence covers wider ground.

The needs of British manufacturing industry for chartered engineers were falling short by as much as 50 to 80 per cent.

Moreover, the education system was "not capable of fulfilling the needs of British industry in providing professionally qualified chartered and technician engineers in the area of manufacturing management and technology—one of the key areas of wealth creation."

There was imperative need for an alternative qualification route that did not involve full-time study, allowed for advancement from one level to the next, and took account of progress in manufacturing management and technology.

The consequences of inaction must be "unnecessary and still avoidable industrial unemployment on a considerable scale."

The Institution proposes that the first step in reorganising the profession should be an enlarged Institution of Manufacture. Eventually this enlarged Institution might merge with others—the Institutions of electrical and of mechanical engineers, and their technician engineer counterparts—to form one professional engineering body representing the whole of general manufacturing industry.

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LABOUR NEWS

A tangle to tax ACAS

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

NEWS ANALYSIS

ROLLS-ROYCE

WORKERS OPERATING a round-the-clock rota to patrol the silent Rolls-Royce aero-engine components plant, at Coventry, are conscious that they are at the centre of a bizarre dispute.

The 4,000 manual workers have occupied the Parkside and Ansty factories for nearly four weeks, but are perplexed by the apparent lack of public interest. They are not on strike and insist that they want to work, but are being prevented by a vindictive management. To add to the confusion, the task force of senior executives running the company is operating from a secret base in a Coventry hotel.

Officials from the Advisory, Conciliation and Arbitration Service were trying again last night to find common ground in a dispute which started over the annual wage award but escalated—somewhat to the surprise of both sides—into a complete shut-down.

At first sight, the distance between unions and management is slight. The men are demanding a 10 per cent. pay rise, and the company is offering 9.7 per cent, leaving a gap equivalent to only 32p a week per man.

But Mr. Phil Povey, the divisional officer of the AUEW, says that so many other issues have been dragged into the dispute that it is difficult to identify the real stumbling blocks to agreement. "The set of circumstances at Rolls-Royce is the most confusing and mystifying that I have ever had to encounter in a major dispute," he said.

The company position is that 0.3 per cent., or £60,000, of the annual award must be kept back to allow the flexibility to eliminate piece work—seen by management as an inflationary and disruptive influence on the pay structure.

The stewards maintain that the company has only recently erected piece work as the main reason for holding back the £60,000, and are suspicious that management is deliberately looking for trouble. They are also adamant that to hang on to what the deputy convenor, Mr. Charlie Donoghue, terms a "pot of gold" will spark off a series of sectional claims from different groups of workers which could herald "12 months of industrial chaos."

Rolls-Royce has already been disrupted by unilateral action by 22 electricians demanding parity with toolmakers. That dispute caused lay-offs prior to the present shutdown and still remains unresolved. But the shop stewards' view is that as members of a nationalised company they must adhere to the Government's 10 per cent. pay guidelines.

The impact of Government pay policy upon differentials is also recognised by management. The Parkside and Ansty factories, which supply components to the Bristol aero-engine plant, are exceptional because of their heavy concentration of skilled labour.

The management saw the annual wage round, due to come into force on February 10 this year, as the opportunity to make a move towards restoring differentials. The shop stewards agree that considerable progress was made in negotiations which reached agreement that top-grade workers would get a rise of £10.13 a week and the lower grades at least £5.52.

But the management also set itself another objective: to complete the move started in 1968 to eliminate piece work. Only 330 of the 4,000 manual workers are still paid by that system, but the company thinks its influence is much more widespread.

The piece-workers are seen as the pace-setters for the whole pay structure. While an upper limit of £92.90 has been agreed for piece-work earnings, negotiation of prices still operates on the random Persian market principle.

The management believes that piece-workers are not only able to determine the pace at which they work but also to accrue unofficial "back of the book earnings" which can be brought forward into any week when production is down.

The company would argue that such a system exerts a disruptive influence on the pay structure and allows management no control over earnings.

Matters came to a head on March 7 when 400 workers at the Parkside plant were laid off as a result of sanctions imposed by the electricians.

Stewards argued that management had acted precipitately, the 400 began a work-in, and the rest of the plant started a policy of non-co-operation. According to management, the sophistication of the Rolls-Royce shop stewards is indicated by the fact that sanctions extended to an embargo on supplies leaving the plant—an action which cost the workforce nothing but imposed severe cash flow problems on the company.

On March 22, with the breakdown of talks about the annual wage claim, management warned that in the light of union sanctions it would have to stop production.

A week later a mass meeting of workers voted to counter the move with a work-in—a tactic successfully employed by the workforce over the previous 18 months. In the words of Mr. Tommy Hartopp, chairman of the joint shop stewards committee: "The lay-off is a penalty that management feels able to impose upon the manual worker *with the objective of screwing* him into the ground and gaining his submission."

The work-in began on Friday, March 31, but on the following Monday was converted to an occupation when management switched off the power.

On April 5, power was also switched off at the Ansty plant. Workers were able to restore the supply and continue a work-in until April 10 when the electricity supply was cut from outside the plant.

Since then, the workforce at the two plants has maintained its vigil, waiting for someone to break the impasse. They feel forgotten and ignored but as yet show no signs of any split in their solidarity.

For its part, the company has adopted a low profile and refrained from resorting to legal action to repossess its plants. The task of ACAS is a big one in reconciling two sides which have adopted remarkably entrenched positions.

Rush of pay demands unlikely after Stage Three—Murray

BY CHRISTIAN TYLER, LABOUR EDITOR

A CAUTIOUS forecast that unions will not burst through the Government's incomes policy by submitting pay demands the moment Stage Three expires came yesterday from Mr. Len Murray, general secretary of the TUC.

Mr. Murray was speaking the day after TUC leaders dined with the Chancellor and other Ministers for the first post-Budget discussion of the economy. He would not comment on the evening's events, nor was the meeting even mentioned by the TUC general council yesterday.

Although the general council's silence may be read as a good omen by the Government, Mr. Murray was careful to dissociate the unions from Ministers' plans for a further round of wage restraint.

Asked whether the unions' commitment not to seek pay rises more than once a year would continue, he said: "I think by and large most unions prefer to settle these days on the basis of a 12-month agreement.

"I won't say that will last for all time. My own view is that unions generally have come to value that."

But the practice of settling once a year was likely to persist, and "it would be valuable if it persists."

"That is not the same as saying I would like to renew a 12-month rule, because I am not very much in favour of inventing rules of this sort."

Pressed to explain how close the TUC would sail to the Government's economic strategy, Mr. Murray made it clear that the social contract "in the broadest sense"—was still alive, and that unions wanted to agree broad economic and social objectives with the Government. But the test of the liaison was still the Government's readiness to act on unemployment.

Grand Met. hotels move to staff democracy

By Philip Bassett

HOTEL WORKERS' unions, smarting after the collapse of the strike over recognition at Claridge's, welcomed a move yesterday toward wider staff representation by the Grand Metropolitan Hotels group.

Grand Metropolitan, which employs 6,000 staff in 55 hotels, announced "far-reaching advances in industrial democracy" with the introduction of a staff committee in each hotel, regional staff committees and the election of two staff representatives to attend Board meetings.

Six hotel general managers move into the company boardroom as directors.

Mr. David Hutchins, director of personnel and training for the company, said: "Our industry is not noted for its progressive industrial relations.

Mr. Fred Cooper, national industrial officer for hotels of the General and Municipal Workers' Union, said: "We still have companies such as Claridge's actively seeking to deny their workers even the basic right of expressing a collective view through the trade union movement.

"But by fortunate contrast we also have companies such as Grand Metropolitan where the company and the union are together discussing the future progress of the company."

● The Department of Employment is looking at the "loyalty" award of cash or shares to the value of £30, plus a week's extra paid holiday, made to all the hotel's staff who took no part in the recent two-week strike.

Budget 'will not help unemployed'

By Our Labour Editor

THE BUDGET and plans by Mr. Denis Healey, the Chancellor of the Exchequer, for a Stage Four of the incomes policy, were denounced yesterday by Mr. Clive Jenkins, of the Association of Scientific, Technical and Managerial Staffs.

The Budget was a "seasonal aberration, a left-over from the pastoral society" which would do next to nothing to help the unemployed.

Mr. Jenkins, who was introducing the union's quarterly economic review, described Stage Four as "Disney-like," and said it would damage jobs and the unions' credibility as "sensible and constructive bargaining agents for their people."

ASTMS would recognise no pay norms or 12-month rule when the present incomes policy expired on July 31. The wage round was "a Statist concept" that raised expectations, while the imposition of a pay norm gave workers something to shoot at.

The unions should drive for a shorter working week—"fewer trips to work"—to combat unemployment.

The review, which suggests that the Budget has not come to grips with Britain's underlying economic weakness, also comes out against the proposal by Mr. David Basnett, of the General and Municipal Workers' Union, for a public service union forum to tackle issues like cash limits, public expenditure, and pay.

Importers urge action to end docks dispute

BY PAULINE CLARK, LABOUR STAFF

BRITISH importers appealed to the Government yesterday to intervene in a costly, long-running dispute between maintenance engineers and management in Southampton docks.

The appeal in a letter to Mr. William Rodgers, Transport Secretary, from the 3,500-strong British Importers Confederation, follows a mass meeting in the docks earlier this week when 500 engineers rejected new management terms for a resumption of work.

A total stoppage of work by the engineers, who claim to have been locked out by management, is now in its third week. With the opening of the South African container berth also affected, the port estimates it has lost some £2m. in business already this year.

This does not take account losses running into hundreds of thousands of pounds by shipping companies which have been forced to by-pass Southampton and tranship from across the Channel.

The British Transport Docks Board in Southampton said yesterday that deadlock continued with no plans as yet for renewed talks between the two sides.

Officials of the Confederation of Shipbuilding and Engineering Unions were hoping for a settlement to the dispute after management proposals to meet the engineers' demand for pay parity with registered dockers.

Scots' bank holiday row

BY NICK GARNETT, LABOUR STAFF

THE Association of Scientific, Technical and Managerial Staffs has instructed 900 of its members in the Clydesdale Bank not to work a full shift on two days next month in a dispute over holidays.

The council of the Scottish clearing banks has decided that an extra May Day holiday should generally be taken by the banks on May 29, designated as a national holiday in Scotland, which traditionally recognised a holiday for May Day long before it became law in England and Wales.

ASTMS wanted the extra holiday for its Clydesdale members in Edinburgh and Aberdeen not on the 29th but on the days of the two recognised "local" holidays in the two cities, May 8 and May 23 respectively.

The union also complains that Clydesdale, a subsidiary of the Midland Bank, did not consult the staff on the holiday date.

It has instructed its members in branches, on May 8 in Aberdeen and May 23 in Edinburgh, designated as normal banking days by the Clydesdale, not to work past 11 a.m.

Union leader attacks Tories

A TORY Government under Mrs. Thatcher would mean higher unemployment and increased wealth for the rich, Mr. Ray Martin said yesterday in his presidential address to the 20,500-strong Tobacco Workers Union conference at Blackpool.

"Mrs. Thatcher may now talk seductively of 'freeing negotiators,' but the hard core of her incomes policy is contained in her promise to keep a firm grip on the purse strings."

This "crude monetarism" was responsible for the social and economic injustices endured by working people.

Threat to Civil Service deal

BY PHILIP BASSETT, LABOUR STAFF

ACCEPTANCE of the Government's 9.5 per cent. pay offer to 50,000 civil servants was threatened yesterday by a strike call to union members in Government "fringe" bodies over the incomplete application of the offer.

The 105,000-strong Society of Civil and Public Servants urged its members in controlled fringe bodies, such as the U.K. Atomic Energy Authority, the Commission for Racial Equality, the Equal Opportunities Commission and the Social Science Research Council, to hold a one-day strike if the offer is not applied to them.

The society, which has about 4,000 members in these bodies, says it will not accept the pay offer unless it is automatically applied to the fringe areas, whose pay is linked with mainstream settlements, as it has traditionally been.

However, the Government has made it clear that there will be no automatic settlement for such groups and that they must negotiate separately.

The offer, which gives consolidation of earlier pay policy supplements, a 9.5 per cent. increase and allowance adjustments, has been formally accepted by a consortium of six unions, representing 254,000 members.

Both the society and the 190,000-member Civil and Public Services Association have indicated acceptance of the offer, but settlement depends on an agreement by all the unions.

A meeting of the society's members involved will be held in the Central Hall, Westminster, tomorrow. The one-day stoppage called by the executive would be followed by selective industrial action.

Mr. Leslie Christie, assistant general secretary of the society, said: "We are not prepared to allow this blatant and petty discrimination by the Government."

Joint talks on Shell strike soon

FINANCIAL TIMES REPORTER

REPRESENTATIVES of two unions involved in a strike by white-collar workers at Shell oil terminals decided yesterday to hold a joint negotiating conference on the dispute next week.

During nearly 10 hours of talks which ended early yesterday between Shell, the Association of Scientific, Technical and Managerial Staffs and ACTSS, the white-collar section of the transport workers' union, both sides "clarified their positions," according to the company and the unions.

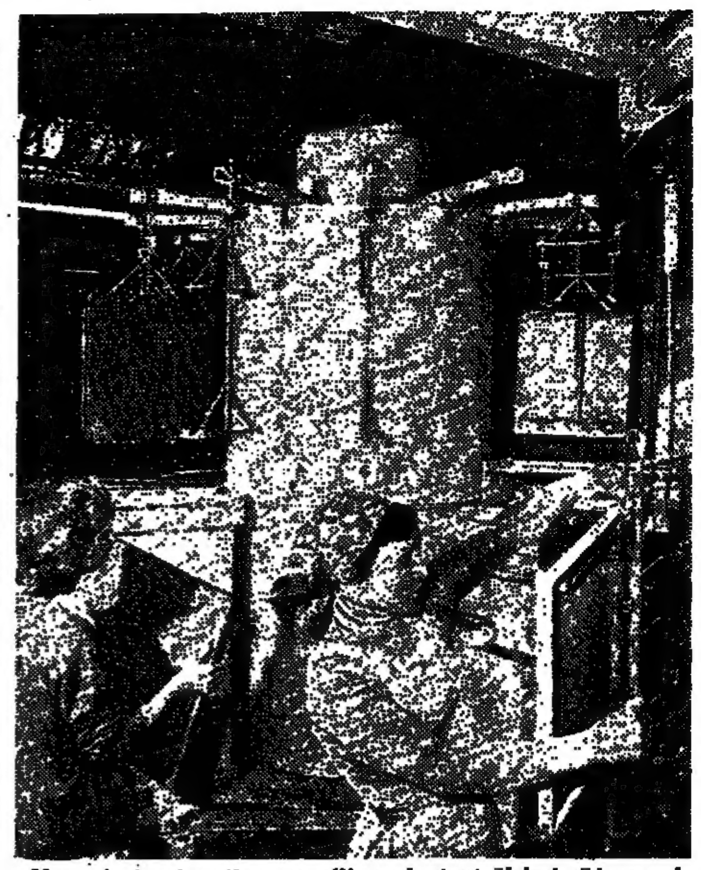
Shell did not increase its basic offer of 10 per cent. plus 2 per cent. for productivity at the talks. The 600 white-collar staff said that the offer does not come up to other settlements made in the industry.

Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● PROCESSES

High quality enamel coating



New electrophoretic enamelling plant at Valor's Liverpool factory. Rhoda Ball (left) does the loading while Joan Morgan attaches panels to a drying rack.

EXCEPTIONALLY HIGH quality of finish is claimed for products from a new coating plant for vitreous enamelled units produced by Valor at its Liverpool gas cooker plant. The process used is electrophoretic coating according to a method being promoted by Bayer AG and Miehle GmBH, in which the articles to be coated become electrodes dipped in a bath containing a dispersion of the coating material and thus strongly attract this material.

This EP process can save some 30 per cent. on enamel base costs and can reduce the reject rate by about 50 per cent., partly because the overall finish is better and cover on edges and in intricate shapes is far more even than with any other method.

The gas cooker industry in the U.K. for some time has been debating the relative merits of the EP process. But although EP enamelling is new to Britain it has been established in fairly large operations in Germany, France, and also in Japan where the largest plant built so far is being installed.

Valor confirms the claims for smoother surfaces and improved edge coverage, borne out in pre-production trials. Initial results indicate that the company can expect to see considerable reductions in reject rates and consequent reductions in scrap levels. Its bill for enamel material during a year is £100,000 which should be cut down to £70,00.

The Liverpool factory was the first to apply one-coat enamel in the U.K. gas industry. Valor now intends to move the major part of its enamelling requirements on to this new process, although, for the time being at least, the new plant will run alongside the existing electrostatic application.

The EP machine, which is based on a carousel arrangement, occupies a floor space 12 feet in diameter. Work is rotated on hangers by a large revolving central drum and processed through 10 tanks before being transfered to a conveyor and transported through a dryer, ready for fusing.

Bayer, a major supplier of frit—the glass material used in enamelling—says the standards set by this technique will have the same dramatic effect as when direct on-white enamelling was introduced to the industry.

More from Valor on 051-426 6551 or from Bayer on 0782 48410.

● COMPUTING

Flexible register

THE LATEST design for a flexible cash register system from Vector International of the Hasrode Research Park, Belgium, a firm specialising in micro-processor applications, can be squeezed into small shops and restaurants, or stretched out to cover vast department store and hotel chains, claims the company.

This can work as a terminal system with built-in floppy-disc backup connected to any type of mini-computer—the kind of configuration generally required by large department stores and hotels. As an alternative, the cash registers can function as stand-alone units for smaller establishments with floppy-disc option to memorise thousands of transactions for computerised accounting services.

The system was developed in answer to a brief from the 25-year-old Dutch marketing company, Navigare, in August, 1977, after which the first working prototypes were delivered five months later in January this year.

● SAFETY

Protects electrical units

A STATIC RELAY, called type RXVE 4, for use as thermal protection for generators, motors, transmission lines, cables, etc., is being marketed by ASEA, the Swedish-based electrical engineering group.

Designed as a replica of the equipment to be protected, it has a complete memory function which means that the relay takes into account the current before an overload occurs, even if this current lies below the operating current setting.

To match the relay as closely as possible with the protected object, the relay has been given eight different thermal time constants within the range 56 seconds to 120 minutes. It is available for shunt connection as well as for connection to one, two or three phases.

More on 01-467 9119.

Dunlop moves into big pipes

A SYSTEM for the construction of large diameter pipes, formed integrally and in one operation, in the range of 200mm to 2,000mm, saving manpower (the pipes are lightweight) and obviating storage or transportation difficulties, has been introduced by Dunlopipe, a new division of Dunlop.

Constructed from a series of overlapping helical windings of high strength thin steel strip, individually coated and bonded with a corrosion resistant epoxy based structural resin, it is made to standard outside diameters so as to be used with proprietary pipe fittings and joints.

The company has spent around £1.5m. in over two years, investigating the market and process. It has exploited a basic principle bought from the Battelle Institute, Geneva, and now owns world rights for the system offered to meet the needs of the international pipeline industry—for water, sewage, chemical effluent, gas and oil applications.

Dunlopipe, at this stage, will be sold as a package deal—its technique and construction accompanied by company personnel—wherever in the world the product is needed.

More from Dunlopipe, Industrial Products Division, Foleshill, Coventry CV6 4AA. Coventry 88733.

● ENERGY

Fresh water via the sun

SAUDI ARABIA has in the past few years shown a growing interest in the possibilities of solar energy. Last month the country held its first national conference and set up a committee of Saudi scientists to correlate and keep up the momentum of work being done in the country's four main universities.

Earlier this week Professor M. Ali Kettani of the University of Petroleum and Minerals at Dhahran spoke at the Soltech 78 conferences in Bahrain on solar water distillation. "In most arid zones, where the settlements are small and remote and fossil or nuclear fuel is expensive, the only feasible method of fresh water production is by solar distillation," he suggested.

Distillation using solar energy, was the most economic method of water desalination argued Professor Kettani. However, he pointed out that because of cost, the traditional solar stills continued to be small units. They could not compete with the multi-stage, multiflash distillation units powered by fossil fuels that are now extensively used in the Gulf Sstates.

The economics of solar stills could be improved if water production were to be combined with other activities, the production of electricity for example. Professor Kettani pointed out that the capital cost of the construction of a still would vary from country to country.

● By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.

● BANKING

TSB puts in £10m. terminals

ALREADY a major supplier of terminal equipment to the big clearing banks, Burroughs has scored a resounding success with the TSB's. Trustee Savings Bank Computer Services has placed an order for £10m.-worth of Burroughs counter terminals which will be used ultimately to operate a vast real-time network.

The client organisation is providing computing services to ten regional TSB's covering areas from the south Midlands to the Scottish Border, by way of Wales.

There are nearly 1,000 branches in all of which 600 are linked at the moment to four large machines at Kidderminster, Manchester, Bootle and York. A further 327 branches operate through the use of off-line optical character recognition equipment for data capture from counter documents. Meanwhile, agreement has been reached with South West TSB with its 91 branches to extend the service to that area by 1980.

The plan is to install the 3,500 new Burroughs terminals stepwise and, by 1985, have them all linked into a new major computer system to be delivered in 1979 to a purpose-built centre now taking shape in Wythenshawe, Manchester. Deliveries of the Burroughs terminals begin in 1980.

Major loser in this part of series of TSB decisions appears to be Olivetti, which provided a large proportion of the branch support terminals linked to large ICL machines at the centres above. It was announced a few weeks ago that Univac had won a major contract for the large computers which will form the heart of the new TSB system. The latter did not bid for the terminals.

More from Burroughs on 01-397 8783.

● COMPONENTS

Switchgear assembly

COMPETITION on the U.K. switchgear market will intensify as production from a new unit at the Telford factory of Merlin Gerin (U.K.) increases. The company, subsidiary of the £200m. French group of the same name, is starting on the second stage of its development plan with the completion of an assembly line for switchboards.

It is intended to produce a whole series of boards from unit housings for single circuits to complex distribution switchboards rated for up to 2000 amp.

The company is known as a supplier of switchgear components: low voltage miniature, moulded case and air circuit-breakers and the new departure will rely heavily on the G series of wall-mounted units and the free-standing P6 series of distribution boards for the high power side. These series are new to Britain.

Emphasis has been placed by the designers on ease and simplicity of assembly so that, even for highly specified boards, the company says it could deliver in weeks "rather than the industry average of months."

Merlin Gerin (U.K.), Stafford Park, Telford, Salop. TF3 3BL. 0952 618061.

● ELECTRONICS

Micro push at ITT

PROVIDING a novel twist to the microprocessor scene is ITT Electronic Services which has just announced a scheme clearly intended to attract further customers to its already considerable fold.

Basically the idea is to get the company's new microprocessor catalogue into as many potential customers' hands as possible by getting them to join "The ITT Microprocessor Guild"—which they will do by filling up an advertisement-borne form (or one at the front of a copy of the catalogue). Members will receive an updated copy at twice yearly intervals. They can also fill in a reply paid card asking for a free demonstration of any of the micro development systems.

It is also planned that the principals — AMD, Fairchild, Motorola, National, RCA and Texas Instruments—will act as co-hosts in a variety of "Guild functions" throughout the U.K. Members will be able to get together and hear about the latest technology developments.

ITT says that it has "homed in" on micros in this way so that the best service can be given to the rapidly proliferating number of relatively small customers for these devices.

It claims that completely unbiased advice will be given—although this will stop short at software, to be provided, if desired, by an associated software house.

The company now has 10 out of the 11 major semiconductor makers on its lists; although Intel is missing, that maker's micros are obainable through the second sourcing agreement with National.

THE JOBS COLUMN

Civil Service mystery · Product manager · Accounting

BY MICHAEL DIXON

LET THERE be no more irresponsible complaints that the Civil Service refuses to recruit people with experience of industry and commerce for its top-drawer jobs. It took in one during 1977, according to the annual report of the Civil Service Commission published yesterday.

He or she was one of eight external candidates appointed to the rank of principal in the service's elite administrative division. Apparently all the other people from industry and commerce among the 364 external applicants for the 13 principal's posts notionally available, were not "good" enough.

The same applied to all four outsiders who applied for the mandarin job of deputy chief economic adviser to the Treasury. None of this quartet, the report declares, "was of the standard of the in-service candidate who was finally successful."

The same applied to external candidates for various other job categories. These included legal assistants, scientific officers, factory inspectors and — a point which may comfort some people — inspectors of taxes of whom only 90 were appointed although 3,432 applied.

For us outsiders—who are still in the majority — it is surely time to worry why we so generally fall short of the Civil Service's standards. But unfortunately I cannot tell you much about what these standards are.

The only relevant information in the report seems to be about the mainly younger "ground-floor" entry of 143 people as trainees for the administrative heights. Of these, 56 per cent. were graduates of Oxford and Cambridge Universities which together account for about one-tenth of the bachelor-level output of this country's universities, not to mention the thousands more now graduating from polytechnics.

This 56 per cent. compares with around 60 per cent. in 1976. But I fear that one cannot yet say the mandarin grades of the service are becoming less Oxbridge-dominated, because the two major universities' share of the administrative-trainee entry is still 6 per centage points higher than it was in 1970-1974.

On the other hand, the entry is certainly no longer dominated by people who graduated in the Classics. The proportion from such studies fell last year to only 4 per cent. Of the annual bachelor-level output of U.K. universities as a whole, by the way, students of Classics constitute about 0.7 per cent.

Moreover no fewer than one in ten of the new administrative trainees had graduated in mathematics or another science-side discipline, compared with a "national output" figure of nearly four in every ten.

The dominant group of academic subjects among the 1977 trainee mandarins was social studies, including economics, which accounted for 38 per cent. The most-represented single subjects were: history 17 per cent.; modern languages 15; and English 12.

The rate of the top-drawer intake's progress towards modernity is also shown by the fact that 28 per cent. of the 1977 new administrative trainees were women, who constitute about 35 per cent. of the universities' bachelor-level output.

Sad to say, the extent to which such acadamic considerations play their part in ruling out the overwhelming majority of older outsiders, is not revealed by the report. But it does indicate what the Civil Service Commission believes is the main reason why the external world is failing to put forward enough candidates of a proper standard. The pay levels of the service, the commission thinks, are simply not high enough.

Personally, however, I am inclined to disagree. Take for example the rank of principal—the lowest non-trainee rank in the administrative division—for which the commission could accept only one person with industrial or commercial experience last year.

The principal's pay-scale, before the addition of any rise under this year's 10 per cent. guidelines, is £6,201-£7,971 basic. Those working in outer London get an extra £275, and principals in inner London an extra £465.

The lowest point of that basic pay-scale is above the median salaries of all the categories of industrial and commercial executives as shown by last month's Reward salary survey, with the sole exception of general managers—the highest paid Reward group — whose median salary was £7,000.

As another example, take the average salary among all civil servants who might be termed "managerial," including those in the second-tier executive-officer grades as well as the higher administrators.

Given the impending "guideline" increase for 1978, this average will be about £5,147. The only Reward categories with higher averages were general managers — £7,320; computer managers — £5,899; marketing managers — £5,803; company secretaries — £5,712; and sales managers — £5,347.

So I am not pershaded that pay can be the prime obstacle to the recruitment of competent outsiders for the general run of the Civil Service's managerial jobs. The main reason for the commission's confessed difficulty here must surely be looked for elsewhere.

Part of it might be found in other conditions. One, which I mentioned a fortnight ago, is perhaps that unless a recruit is accepted into the administrative division early on, he or she clearly has little chance of promotion to the commanding heights.

A second could be that, unlike an insider changing posts within the service, an outsider coming in does not qualify for removal expenses and so on. This in itself can nowadays be a powerful deterrent to any change which would mean moving home.

A third factor is probably the age-bar which largely prevents outsiders from entering the administrative or executive divisions after their 28th birthday. This barrier is at last on its way out, thanks to the persistence of a Mrs. Belinda Price, an educational welfare officer, who last year persuaded an Employment Appeal Tribunal that the age-rule infringed the Sex Discrimination Act.

But having accepted that the rule was breaking the law, the tribunal gave the commission until 1980 to make its procedures legal after due consultation, of course, with the Civil Service unions.

To my mind, however, conditions such as those above are still not so much a barrier to adequate recruitment from outside as are the commission's recondite standards. Since only the commissioners seem to know what these are, we laymen cannot argue about them in detail. But we can apply one acid test.

It is whether or not, on the evidence before us, these standards provide the country with a body of civil servants who are successful at their work. And try as I might, I cannot with my hand on my heart declare that the answer is "yes, they do."

The prime cause of the difficulty in recruiting from outside may therefore be that the commission's entry standards are wrong, which suggests the need for an urgent inquiry to check their appropiateness.

One probably cannot hope that such an investigation would be initiated by the Civil Service Commissioners—whom I have heard described by one of their "customers" as totally impervious to criticism. So if the Government were seriously interested in making the country's mandarins more representative of the citizens whose lives are so powerfully influenced by bureaucratic decisions, its best way of starting would surely be to appoint more outsiders to the Civil Service Commission.

Amsterdam

A PRODUCT MANAGER from the U.K. or elsewhere is being sought by Robert van Oren, of European Marketing Systems, to work near Amsterdam for the Alfa-Laval group. The main task will be to take charge of and develop sales contacts for certain lines of packaging, especially "sackfillers" for food products and light process industries.

Reporting to the manager of all the group's dairy products, the newcomer will have world-wide responsibility for the particular lines, working through Alfa-Laval's sales organisations in other countries.

Bob van Oren says that technical knowledge of the packaging business is important, as well as appropriate experience in the marketing area. Candidates fluent in at least one other major language would have a distinct advantage, and the age indication is 30 to 40.

He adds that the salary range, at 50,000 to 60,000 guilders, can be considered equivalent to £10,000 to £15,000.

Written applications outlining qualifying experience to Mr. van Oren, at Groot Blankenberg 56, Amsterdam, Holland. He can be telephoned with inquiries at 020-42 10 46, and his Telex number is 14113.

Batch of six

HALF A DOZEN youngish people — graduates, qualified accountants, or perhaps financial journalists — are wanted by Chris Westwick, technical director of the Institute of Chartered Accountants in England and Wales.

Either as permanent staff or on a period of secondment, they will "service" important committees of the Institute; commissioning preliminary research as feed for committee discussions; revising the research papers in the light of the discussion; consulting external interests on appropriate questions; preparing technical briefs for legal counsel; dealing with relevant queries from the Press and the Institute's members; and so on.

Two will be concerned with the auditing practices committee, soon to publish its first draft recommendations, and be responsible to its secretary, Jerry Winters.

Another pair will report to Jim Carty, secretary of the accounting standards committee concerned with, among other things, the vexed question of inflation accounting.

One will look after the technical committee dealing with matters such as advice on management accounting to industry and commerce. The other will serve the research committee which tries to act as a bridge between theory and practice in accounting — an academic background would probably help here. These last two will both report to Mr. Westwick.

The main qualification, he says, is demonstrable ability to write clearly about complex matters, coupled with at least three years of responsible work since qualifying as an accountant or graduating.

The salary range for these City-based jobs is £8,000 to £10,000 which does not seem niggardly by any means.

More information and application forms can be obtained by writing or telephoning—in both cases briefly—to Mr. Westwick at Chartered Accountants' Hall, Moorgate Place, London EC2P 2BJ. Tel. 01-628 7060.

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Personnel Officer, Dept. AC007,7,
Cable & Wireless Limited,
Lion House, Red Lion Street,
London WC1R 4NA.
Tel: 01-242 4433 ext. 4089.

Cable & Wireless
Leaders in International Telecommunications

PROPERTY INVESTMENT MANAGER

Expanding our activities we now require a well experienced person for the above post at our Head Office near Watford.

Ideally the successful applicant, who will be between the approximate ages of 35 and 45, should have been involved in the property investment field at a senior level.

Reporting to the Board, the person appointed will be responsible for the management of our existing property and land resources and will undertake investigations and evaluations and make *recommendations regarding future acquisitions.*

A salary, reflecting the importance of the appointment, will be negotiated and other benefits include a company car, and membership of our Contributory Pension Scheme.

Applications, giving full personal and career details and quoting reference FT.101, should be addressed to:

The Managing Director
THOMAS McINERY & SONS LTD.
The Green
Croxley Green
Rickmansworth
Herts., WD3 3HN
Tel: Rickmansworth 76622

European Finance

London W1 *£9,000+car*

Our client, a major North American company, with substantial investments in Europe requires a young accountant to join its small European management team. This is a new job and a fine opportunity to be associated with an expanding European operation.

Responsibility will be to the senior financial officer for financial and administrative surveillance of the company's European subsidiaries. The emphasis will be on profit performance.

Candidates must be qualified and ideally have some commercial experience and knowledge of current USA reporting requirements. Fluency in a European language *preferably German* or Italian would be a distinct advantage.

Based in London the job offers the opportunity of extensive travel within Europe.

Salary £9,000 plus car. Excellent benefits and career prospects.

Please write in confidence to David Prosser, Price Waterhouse Associates, Southwark Towers, 32 London Bridge Street, London SE1 9SY, quoting MCS/3680, who will acknowledge receipt of the letter and forward it to the client. List separately any company to which you do not wish your letter to be sent.

INSTITUTIONAL EQUITY SALES

Kemp-Gee & Co. require an additional person to join one of their established equity teams servicing important U.K. and Continental institutions.

Applicants must have had a minimum of three years experience either as a broker handling institutional accounts or as a fund manager.

We are a research orientated firm and the ability both to understand and to sell the research department's work to senior fund managers is essential.

A working knowledge of either French or German would be helpful.

Remuneration for this important appointment will be fully competitive.

Please reply in confidence to:
Senior Institutional Sales Partner
KEMP-GEE & CO.
30 Copthall Avenue, London EC2R 7JS

GENERAL MANAGER

PUMP & HYDRAULIC EQUIPMENT COMPANY

£8,000 PA.

We are a successful public company run by a group of professional managers.

We have decided to group four compatible products together in a new subsidiary company. That creates an opportunity for a really bright manager to build a completely new business. The combined turnover of the products is currently about £1.25m. p.a. and all products are profitable. The potential turnover of the business is £5m. p.a. in a few years. The new subsidiary will operate under an established name, well respected in the process plant and equipment industry.

The General Manager will be a marketing and sales orientated person with proven experience of process pumps, filters and hydraulic equipment, ambitious to build a significant business. He/She will probably be a qualified engineer and must be able to direct the efforts of the sales and engineering design team and a small labour force engaged on assembly of products and bought in goods.

The job location is desirable and the terms will attract the right applicant.

Please reply in strict confidence to Chirman, Box A.6336, Financial Times, 10, Cannon Street, EC4P 4BY.

An Assistant Company Secretary

Our Client is an international group with substantial manufacturing operations in the U.K. and Europe where considerable expansion by organic growth and by further acquisition is now underway.

This new appointment has been created to deal with the greatly increased load within the Secretary's department.

Applicants, male or female, should be qualified as Chartered Secretaries, or have a background in law, and have a minimum of three years experience since qualifying.

Prospects for development and promotion are good and a salary of up to £6,500 will be paid, together with normal large company fringe benefits.

AUSTIN BROADY ASSOCIATES Executive Recruitment & Selection

Applications should be addressed in the first instance to Austin Broady Associates at Friendly House, 21-24 Chiswell Street, London EC1Y 4UB.

LONDON WEST END — FROM £7,000 p.a.

YOUNG QUALIFIED TAX/FINANCIAL ACCOUNTANT

We are seeking a young qualified Accountant preferably with more than two years' post-qualification experience who would like to acquire a wider knowledge of company taxation and consolidation work. No previous experience in either field is necessary, but industrial experience would be an advantage.

The accountant will be located in the Finance Department at Group Headquarters and it is expected that duties will include:

(a) Preparation of company tax computations and estimates for companies in an international group giving an opportunity to acquire knowledge of U.K., Irish and other European and Overseas tax legislation and to solve double tax relief problems.

(b) Consolidation of the financial accounts of a diverse group with considerable overseas interests and assisting with preparation of inflation accounting systems.

Salary (including allowances and annual profit share) approximately £7,000 p.a. depending on experience. Benefits include five weeks-holiday, interest free season ticket loan scheme and non-contributory pension scheme.

Please telephone 01-629 9685 for an application form or write stating age, qualifications and experience to:

Group Chief Accountant,
Arthur Guinness Son & Co. Ltd.,
10, Albemarle Street, London W1X 4AJ.

GUINNESS

THE FINANCIAL MANAGEMENT
of a well-known French private banking firm is hiring for France a

FINANCIAL EXECUTIVE

having some experience in the area of mergers and acquisitions.

His job will mainly consist in negociating acquisitions in France on behalf of firms located in English-speaking countries.

The candidate must be between the ages of 25 and 30, having already worked in a banking institution. This experience should have been either in a commercial bank or in a firm handling mergers and acquisitions.

A perfect knowledge of French is indispensable. The salary will be commensurate to the candidate's qualifications.

The candidate should address his application and CV., under reference 69783, to HAVAS CONTACT - 156, bd Haussmann, 75008 Paris.

HAVAS CONTACT

BANK APPOINTMENTS

EUROBOND INVESTMENT ADMINISTRATOR to administer an entire section. Some accounts work, contracts, premiums, primary & secondary markets. £8,000.

UNIT TRUST ASSIST. INVEST. ADMINISTRATOR experienced in Unit Trust Administration and accounts work. Not less than £5,000.

ASSISTANT MANAGER CREDIT CONTROL AND/OR SYNDICATED LOANS. Age 35. £5,500.

EUROBOND SETTLEMENT PERSON. Age 25. £4,000.
LOANS & CREDIT ANALYST. Age 20-24. £3,500-£4,000.
SENIOR DOCUMENTARY CREDITS. Age 35/40. £6,000+.

Contact:
Della Franklin or Sheila Anketell-Jones on
01-248 6071 or 01-236 0691

ALANGATE AGENCY
78 Queen Victoria Street, EC4

UNDERWRITER/PLACER

Major privately owned insurance broker located in midwestern United States is seeking an underwriter/placer well known to Lloyd's sources for important position in its firm. Attractive salary, benefits and, of course, moving expenses. Representative will be in London during the week of May 15 for interviews and will respond by phone to resumes or letters to Box A6341, Financial Times, 10 Cannon Street, EC4P 4BY.

Finance Director

Malaysia

for a group of companies with a turnover well in excess of £50m. and with an outstanding record of profitability; it is part of a British public group operating worldwide. He will be responsible for the formulation and execution of financial policy principally in Malaysia but also in other countries in the Western Hemisphere and will control a substantial multi-racial staff; there are good prospects of further advancement within the group.

The ideal candidate is a qualified accountant in his late 30's currently employed as a Finance Director in an international group; experience abroad would be an advantage.

Salary negotiable from the equivalent of £22,500 per annum, plus bonus, car and driver, subsidised accommodation, assistance with school fees, leave passages paid, etc.

Please write – in confidence – to J. M. Ward ref. B. 41337.

MSL Management Consultants
Management Selection Limited
17 Stratton Street London W1X 6DB

European Financial Controller

Paris

ICL's position as a natural leader of the European computing industry is firmly based on impressive achievements. 1977 turnover was up 45% to nearly £420m, and for the first time continental Europe became the largest of our four marketing divisions.

This appointment of a top financial executive is a major step in our intention to secure substantial growth in our business in continental Europe over the next five years, whilst maintaining good profitability.

You will be based at the Paris Headquarters of our European Division, reporting directly to the Divisional Director as a senior member of his management team covering 22 countries.

You will control all financial and commercial activities, with particular emphasis on:

- interpreting business opportunities, plans and performance in financial terms, ensuring that all decisions are soundly based
- developing and controlling the Division's financial and commercial policies and procedures throughout Europe
- ensuring that there are the accounting resources to meet growth targets.

The continuing forward thrust that we require calls for:

- a business-minded and experienced accounting specialist of high calibre
- a manager who has exercised responsibilities of general and management accounting within an international organisation
- a sound commercial experience preferably including complex pricing structures
- fluency in English and preferably French or German
- flexibility for extensive travelling.

The salary and benefits are negotiable in line with the considerable responsibilities of the position, including relocation as appropriate. There are excellent prospects for future career development within the Group.

Please send full personal and career details, quoting reference FT1805, to Ian Telfer, Director, Booz Allen & Hamilton, New Bond Street House, 1-5 New Bond Street, London W1Y 0DB, who is handling this appointment on our behalf.

International Computers

think computers–think ICL

ICL

Unique Opportunity for Ambitious Accountants

£8,000 to £10,000

The Technical Directorate of The Institute of Chartered Accountants in England and Wales is responsible for advancing standards of competence in accounting, auditing and the other services provided by the accountancy profession. The Directorate has earned an enviable and worldwide reputation for its contribution to the development of advanced accountancy thinking.

To strengthen his Department the Technical Director needs to make four appointments at Under Secretary level

* for the Auditing Practices, Accounting Standards and Technical Committees *auditing/industrial experience would be relevant.*
* for the Research Committee *an academic background would in addition be useful.*

Candidates should be graduates who have qualified as accountants not less than three years ago. Skill at influencing other members of the profession will be highly prized. An appointment is offered either to the permanent staff or for an agreed period of time to allow an applicant to broaden his or her experience before returning to the profession, to industry/commerce, or to academic life.

A starting salary of between £8,000 to £10,000 is envisaged. The location is Moorgate Place, London.

For further details and application form please write in confidence to

Mr. C. A. Westwick, Technical Director,
The Institute of Chartered Accountants in England and Wales,
Chartered Accountants' Hall, Moorgate Place, London EC2P 2BJ.
When Replying Please Quote Reference No. 150

Company Secretary (Designate)

South East — c.£10,000+Car

A Company Secretary (designate) is required by a diverse Engineering Company. The Company is well known in its particular fields of activity and supplies both capital goods and services to the private and public sectors in the U.K. and overseas.

Reporting to the Managing Director the successful candidate will progressively take over responsibility for a range of services and ultimately be appointed Company Secretary.

Applicants should be suitably qualified and in the age range 35-45. Experience in both manufacturing and service industry will be an asset. Salary will be about £10,000 and a car will be provided.

Candidates should apply in confidence giving personal details and an outline career history quoting reference no. FT/108/F to:—

TYLB
Turquand, Youngs and Layton-Bennett
Management Consultants
11 Doughty Street
London WC1N 2PL

NPA

Banking

Lending Officers — c£12,000
Major international bank seeks two thoroughly experienced Credit Officers, 28-34, to assume senior responsibilities in its U.K. and European lending teams. Ref AJT

F/X & Euro $ Brokers — £Neg
Dealers with proven ability in the F/X and Eurodollar markets are required by a leading firm of international money brokers. Ref NCP

Chief Accountant — c£10,000+
International Merchant Bank seeks Accountant, 28-35, preferably ACA/ACCA, with thorough knowledge of international bank accounting procedures. Ref AJT

Newly Qualified MBA — c£7,500
MBA's aged 25-30 are invited to apply for an attractive position in the Corporate Finance department of a well-respected City Bank. Ref AJT

Junior F/X Dealer — c£6,000
U.S. bank with a high reputation for the quality of its F/X services requires young dealer with a minimum of 1 year's active dealing experience. Ref TOK

Credit Analyst — c£5,500
Excellent opportunity for a young banker with 18 months' experience of credit analysis to join a rapidly expanding Consortium Bank where career prospects are outstanding. Ref TOK

Contact Tony Tucker or Tom Kollinsky in confidence on 01-248 3812

NPA Recruitment Services Ltd
60 Cheapside · London EC2 · Telephone: 01-248 3812/3/4/5

Group Financial Controller

West Yorkshire

The group's main trading companies design and make to the exacting standards of a brief customer list of leading retailers. From this secure base (£15m. sales) they are now expanding into new product types and broader markets.

The Controller's remit covers the full public company head office function, regular liaison with the trading subsidiaries and a supporting role in the current acquisition phase. There is ample scope for advancement.

Candidates, around age 30, should be ACA with a few years of financial and management accountancy experience in industry behind them – including some taxation.

Salary up to £9,000; a 2000cc car; generous re-location help.

Please write – in confidence – to Wallace Macmillan ref. B.31209.

This appointment is open to men and women.

MSL Management Consultants
Management Selection Limited
474 Royal Exchange Manchester M2 7EJ

Chief Financial Officer

Hong Kong — £17,500-£23,000

The Reader's Digest Association is seeking a qualified senior accountant for the above post in its Far Eastern Company based in Hong Kong.

The Chief Financial Officer will be responsible to the Managing Director of the Company for all aspects of financial and management accounting, supported by the Chief Accountant and a sizeable Accounts Department. The appointment offers a sound career step to an individual looking for challenge combined with long-term development prospects.

Candidates, aged 35-40, should have:

★ a recognised accountancy qualification – ACA, ACCA, ACMA or equivalent.
★ at least five years' post-qualifying experience in a major commercial, industrial or professional organisation.
★ demonstrable expertise in the areas of budgeting, forecasting and management reporting.
★ proven abilities in controlling and directing accounting staff.

Assistance will be given with accommodation, home leave and children's education. As salary will be paid in Hong Kong dollars favourable tax benefits will apply.

Replies, giving full personal and career details, should be sent to:

**Recruitment Manager (CFO/FT),
The Reader's Digest Association Ltd.,
25 Berkeley Square,
London W1X 6AB.**

Reader's Digest

Joan de Smith & Partners Ltd
EXECUTIVE SEARCH CONSULTANTS

Financial Controller

SAUDI ARABIA

up to £17,500 +

Are you....

- a chartered accountant with a broad industrial background
- used to working overseas (languages not essential)
- experienced in financial control techniques and computerised systems
- and are you aged 35–45?

Then consider a new appointment....

- reporting to the Chief Executive of a multi-million pound group
- managing the accounting function of a dozen companies
- co-ordinating, devising and implementing standardised procedures
- with a 3-5 year contract including free housing etc.

Please contact P. G. FitzGerald on 01-584 6133 (24-hour five telephone service) or 01-381 3556 for a preliminary confidential discussion quoting reference 3086 or write to 25 Ranelagh House, Elystan Place, London SW3.

Managing Director
Process Plant

for an engineering company in Scotland producing a wide range of process and power handling equipment: sales exceed £10m.

Recent re-organisation has lifted profitability and created a platform for further growth. Supported by the parent group the new Managing Director will consolidate and develop the operation, concentrating particularly on manufacturing and finance.

Candidates, preferably engineers aged 35 to 50, must offer at least five years' relevant experience in the chief executive role.

Salary £15,000 to £20,000 with appropriate benefits including car and re-location.

Please write with brief details – in confidence – to W. J. O. Michie ref. B.32544.

This appointment is open to men and women.

MSL Management Consultants
Management Selection Limited
14 St. Vincent Place Glasgow G1 2EU

Unicorn Industries Limited : Diamond Products Division

Young Accountant or Graduate for
International Financial Management

The Diamond Products Division of Unicorn Industries Limited is a world leader in diamond technology. *The headquarters is based in Basingstoke and offers* management services to its 18 subsidiaries worldwide.

We are looking for a young, recently qualified accountant or graduate wishing to specialise in finance, to augment the small headquarters finance team.

Directly responsible to the Divisional Chief Accountant, this position involves *the provision of technical assistance and accounting expertise to subsidiaries* and specifically to develop costing and management control systems, to *undertake investigations into potential acquisitions, to monitor and assist in* the preparation of capital expenditure proposals and to undertake ad hoc assignments as required.

The successful applicant must be prepared to spend up to 75% working time overseas and to this end fluency in French and/or German is highly desirable.

An attractive salary reflecting the importance of this position will be offered together with the usual large company benefits.

Please reply enclosing full c.v. to: D. A. Whitaker, Divisional Chief Accountant, Unicorn Industries DPD Limited, Lister Road, Basingstoke, Hampshire RG22 4AJ.

Financial Controller/ Director Designate

Salary very rewarding

London and Northern is a major group in the construction. *building products* and *metal reclamation industries.* A major operating company which is a leader in its field is looking for *an uncompromising, meticulous* and precise Chartered Accountant with considerable management content and having the ability to translate figures into their commercial aspects.

The successful applicant will probably be over 35 and will have had experience in more than *one public or* large *private company* and will have had responsibility for all accounting functions *with an emphasis* on grass roots systems, reporting procedures and budgetary control. Experience in planning corporate financial strategy would be helpful.

Applications with full curriculum vitae should be addressed immediately *in confidence to:*

C. C. Mullett, F.C.A., *The Secretary*
London and Northern Group Ltd.
Essex Hall, Essex Street
London, WC2R 3JD
01-836 9261

TAXATION MANAGER LONDON
£10,000-£12,000 p.a.

The City office of a firm of Chartered Accountants requires an additional Tax Manager. The position requires a thorough knowledge of corporate and personal taxation and it is unlikely that someone with less than five years' experience will be able to undertake this demanding job.

The position will involve the supervision of the firm's company tax department and assisting the tax partner with special work relating to *individuals' companies and partnerships.* In addition to a generous salary we offer four weeks' holiday, usual benefits and *prospects* of advancement.

Please write to Box A.6332, Financial Times, 10, Cannon Street, EC4P 4BY. All replies will be treated in the strictest confidence.

Foreign Exchange Dealer

Security Pacific, a leading international bank, with assets of $18 billion and over 550 branches worldwide, invites applications from experienced Foreign Exchange Dealers, male or female, for a position in its London based European Headquarters.

A significant increase in our market activities has created this exceptional opportunity which will appeal to candidates who have the appropriate knowledge and expertise to become involved in all aspects of the Banks' money market business.

In addition to having a broadly based dealing background, the successful applicant will be a self starter who can demonstrate initiative and drive and is ready to accept the challenge of joining a professional dealing team and producing results in a competitive environment.

Salary will be highly competitive, commensurate with experience, and we offer a full range of attractive fringe benefits.

Please write giving full career details to Patrick J. O'Hara, Assistant Vice President & Personnel Manager, Security Pacific National Bank, Security Pacific House, 2 Arundel Street, London W.C.2.

THE BRITANNIA GROUP
OF INVESTMENT COMPANIES

VACANCIES EXIST FOR THE FOLLOWING:

1. **VALUATIONS CLERK** for Private Clients department. Previous *Datastream experience preferred but not essential.* Age up to 25 years.
2. *UNIT TRUST INVESTMENTS ACCOUNTS CLERK.* Good knowledge of basic book-keeping essential: a knowledge of Unit Trust accounts and administration would be advantageous. Age up to 30 years.

SALARIES NEGOTIABLE

Please apply to:
N. MacLeod
BRITANNIA FINANCIAL SERVICES LTD.
3, London Wall Buildings, London Wall, EC2M 5QL
Tel. 01-588 2777

Financial Director Designate
Essex from £10,000+Car

A fast growing company which provides services in assaying and sampling minerals, oil and grain, wishes to appoint a Financial Director Designate. The company operates internationally and has offices or associates in most countries.

The Financial Director Designate, who will initially fill the role of Chief Accountant, will be responsible for the complete financial control of the *company's operations both in this country and overseas.*

The successful candidate, who will probably be aged between 30 and 35, will be a qualified accountant with a good commercial background and sound management experience. A knowledge of Spanish is desirable but not essential. Prospects for career advancement are excellent.

Initially salary will be not less than £10,000 and a company car will be provided. Other benefits include an annual bonus and a contributory pension scheme.

Applications giving brief personal details and career history and quoting reference FT/118/F should be submitted in confidence to:—

TYLB Turquand, Youngs & Layton-Bennett
Management Consultants
11 Doughty Street, London, WC1N 2PL

RECRUITMENT CONSULTANTS

We have a vacancy for a young ambitious person, with or without previous experience.

For an informal talk telephone:
CHRIS LITTLE ON
01-236 5881

Gilt Salesman Gilt Dealer

Wood, Mackenzie & Co. plan to provide their institutional clients with a comprehensive gilt capability to complement their established equity and computer services. As part of this objective, a detailed system of monetary analysis has been developed.

Applications are now invited from those with outstanding stockbroking expertise for the following positions:-

GILT SALESMAN–who is experienced in mediums and longs.
GILT DEALER–who will speak directly to clients.

Fully competitive remuneration will be offered.

Applications, together with details of relevant experience, should be sent to:-
Peter J. Derby, F.F.A., A.I.A.,
Wood, Mackenzie & Co.,
62/63 Threadneedle Street,
London, EC2R 8HP
Tel: 01-600 3600

WOOD, MACKENZIE & CO.
Members of The Stock Exchange

NO IMMEDIATE PARTNERSHIP PROSPECTS?

We need talented Salespeople aged 20-35. If you are fed up with turning over millions—be it in Gilts, Shares or the Money Market—and not personally earning in excess of £10,000 p.a.—then phone David Hart now on 405 2766.

BUREAU SALES
N. & W.C. LONDON & CITY
c. £8500 + CAR

LUCS, the European division of UNITED COMPUTING SYSTEMS INC. is seeking an experienced individual capable of selling its range of computer bureau products (Time-Sharing, Batch, Engineering, Database, Financial Planning, APL, etc.) in response to steadily increasing demand from both national and multi-national firms.

There is an existing client base and the successful applicant will be responsible for protecting and growing this, as well as identifying and following up further sales leads.

This vacancy has arisen as a result of planned expansion within the Sales Department and is a 'ground floor' opportunity which could lead rapidly into management for the right person. The scope for career development is considerable.

Applicants, preferably graduates, would ideally have some experience selling in a computer bureau environment: however, individuals with either a commercial, engineering or programming background who feel they could successfully extend their careers to the Sales function are invited to apply. Full product training is provided. The Company provides a comprehensive fringe benefit package.

Applicants of either sex should apply in confidence to:
Mr. M. Dixon, Sales Manager,
LUCS, 39 Gordon Square,
London WC1.
Tel: 01-387 4344

UNIVERSITIES APPOINTMENTS

LOUGHBOROUGH UNIVERSITY OF TECHNOLOGY

MANAGEMENT RESEARCH

Applications are invited from final year students and graduates who wish to undertake research in the University's Department of Management Studies leading to the degree of M.Sc. Candidates should hold or expect to obtain either a first or upper second class honours degree. A limited number of Research Council awards are available on the usual terms.

Research within the Department includes:
- Financial Management and Accounting
- Human Resource Management
- Statistics and Operational Research
- Production and Marketing
- Business Policy and Economics

Further information may be obtained from Dr. R. H. Mole, Department of Management Studies, who should receive completed applications by 9th June 1978.

Loughborough Leicestershire

UNIVERSITY OF GEZIRA—SUDAN

Applications are invited for the following posts in the FACULTY OF ECONOMICS AND RURAL DEVELOPMENT.

1. SUDAN DEVELOPMENT CORPORATION CHAIR IN RURAL DEVELOPMENT
2. BANK OF SUDAN CHAIR IN MONEY AND BANKING

Applicants must have a higher degree and substantial teaching experience. Experience in developing countries will be an advantage. The appointee is expected to be engaged primarily in research and postgraduate teaching, although duties also will include some responsibility for undergraduate courses. The appointee also will be expected to be available for consultancies to the Sudan Development Corporation or the Bank of Sudan, as appropriate. The appointment will be for a fixed term of two years with a possibility of renewal. Secondment arrangements are a possibility. The salary is likely to be about £S6850 p.a. (£S1=£1.54 sterling). The British Government may supplement the salary at a rate to be determined [illegible] and normally free of all tax and provide children's education allowances and holiday visit passages. Family passages: free [illegible] annual overseas leave. Detailed applications (2 copies) with curriculum vitae and naming 3 referees to be sent to Head of the Executive Office, University of Gezira, PO Box 2667, Khartoum, Sudan by 24 May, 1978. Applicants resident in the U.K. should also send one copy to Mrs. T. Bloss, Inter-University Council, 90/91 Tottenham Court Road, London W1P 0DT. Further details may be obtained from either address.

EUROBOND SETTLEMENTS
Potential Office Administrator

Young person (30ish), fully experienced in Eurobond settlement procedures sought to take over existing department of leading brokers. This job will develop into other areas, so a flair for accountancy/operations is also required.

£5,500 + benefits
MONICA GROVE
RECRUITMENT CONSULTANTS
01-839 6542

INTERNAL AUDITOR
FOR MERCHANT BANK

to report directly to Chief Internal Auditor as spearhead in systems based audit, *with minimum experience of* 3 years in bank audit or either fully or partly qualified accountant and computer experience. Age 26-30. Salary £7,000 p.a.

L.J.C. BANKING
Appointments 283 9958

THE FIDELITY BANK

CREDIT ANALYST

The London branch of The Fidelity Bank seeks a credit analyst with a university degree and at least one year's experience of bank, government and corporate risk analysis. *Knowledge* of at least one foreign language is desirable.

Attractive salary and fringe benefits offered.

Resumés should be addressed to:
Mrs. D. V. Harley,
The Fidelity Bank, Cunard House,
88 Leadenhall Street, London, EC3A 3DS.

INVESTMENT ANALYSTS

Our clients are a leading firm of stockbrokers who wish to strengthen their services to their institutional clients. They intend to appoint two additional analysts, one at a senior level, to cover two specialist sectors in which they *have an established presence.*

The successful candidates will be graduates or have professional qualifications and will have had previous experience in an investment institution or stockbroking firm. The senior appointment will require a greater degree of experience and achievement, and could involve a degree of responsibility for the guidance and leadership of others. Previous experience in consumer non-durable sectors would be helpful, but not essential, in both cases.

The appointments will carry fully competitive salaries and a participation in the profits of the business. They are opportunities to commence a satisfying and progressive career in a profitable and ambitious organisation.

Applications will be forwarded direct to our clients, and you should indicate in a covering letter any firms to whom you do not wish to apply. Please apply in writing quoting reference 924, giving particulars of career, in confidence to:

W. L. Tait,
Touche Ross & Co.,
Management Consultants,
4 London Wall Buildings,
London EC2M 5UJ

Eurobond Dealer

Hambros Bank has a vacancy for an experienced and energetic Eurobond Dealer, to augment our highly successful team.

Salary negotiable, attractive fringe benefits.

Please write, in strict confidence, with brief career details to

Mr. A.F. Brignall, Personnel Dept.,
Hambros Bank Ltd., 41 Bishopsgate,
London EC2P 2AA.

HAMBROS BANK

YOUNG ACCOUNTANT
c. £7,000

Major International Company urgently seeks an ambitious recently qualified ACA to join their Senior Management team in the Comptroller's department which liaises directly with the main Board.

Do contact us immediately for further details:

Stephens Selection
35 Dover Street, London W1X 3RA
01-493 0617
Recruitment Consultants

HOTEL AND BUSINESS Transfer Agency, Southern Home Counties, has vacancy for executive. Write Box T 4874, Financial Times, 10, Cannon Street, EC4P 4BY.

UNIVERSITY OF SURREY
ADMINISTRATIVE ASSISTANT
(PERSONNEL)

Salary between £5,954-£7,308 p.a.

This is a new position in a well established Personnel Office concerned with the full range of administration for teaching and non-teaching staff.

The person appointed will be expected to make an immediate contribution to such areas as recruitment and selection, job analysis, conditions of service, industrial relations and training.

Applicants should have extensive experience in general personnel work, preferably in an industrial or commercial organisation, and an AIPM or MIPM qualification.

Salary will be within the range Administrative Officer, Grade [illegible] £5,954-£7,308 per annum, depending on qualifications and experience. Superannuation under U.S.S. conditions.

Further particulars of this post may be obtained from the Assistant Secretary (Personnel), University of Surrey, Guildford, Surrey GU2 5XH, or telephone Guildford 71281, Ext. 45[illegible]. Applications, from men and women, in the form of a curriculum vitae including the names and addresses of two referees, should be sent to the same address by: 26 May, 1978.

STOCKBROKERS
EXPERIENCED DEALER REQUIRED

Medium-sized firm of Stockbrokers with broad shouldered business, with bias towards institutions, require experienced, energetic Dealer. Salary would be competitive. Discretionary non-contributory pension. *Please write giving full details to Box A.6342, Financial Times, 10, Cannon Street, EC4P 4BY.*

FIRST CLASS OPPORTUNITIES
available to qualified student and *experienced accounting personnel*

Contact Alex Moore on 01-628 2691

DRAKE ACCOUNTING

VISION
The European Business Magazine, Paris, seeks experienced
BRITISH BUSINESS JOURNALIST
Fluent French essential. Knowledge of German or Italian also desirable.

Write to:
The Managing Editor,
VISION,
52, rue Taitbout,
75009—PARIS

SOUTH COAST STOCKBROKERS

REQUIRE A MEMBER AGED BETWEEN 25-40 YEARS

With a view to eventual Partnership.

Own clientele and experience of private client business an advantage.

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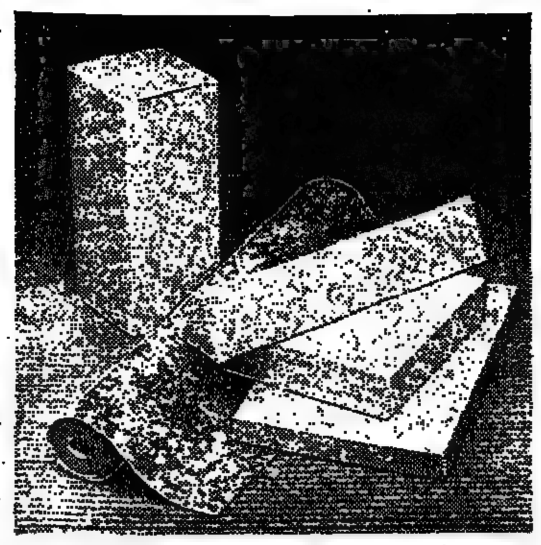
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Animal feeds


UAC International

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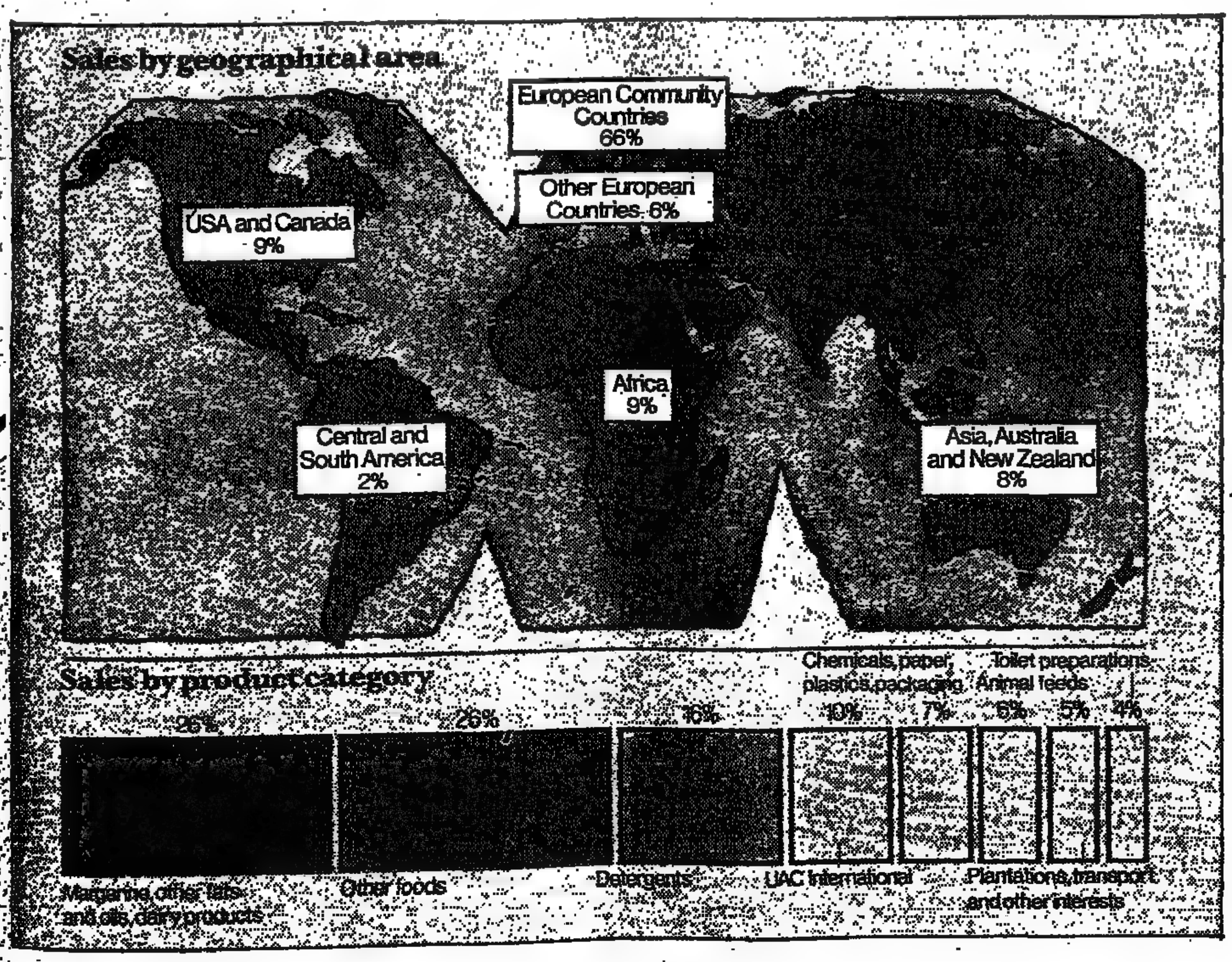
Unilever
reporting on 1977

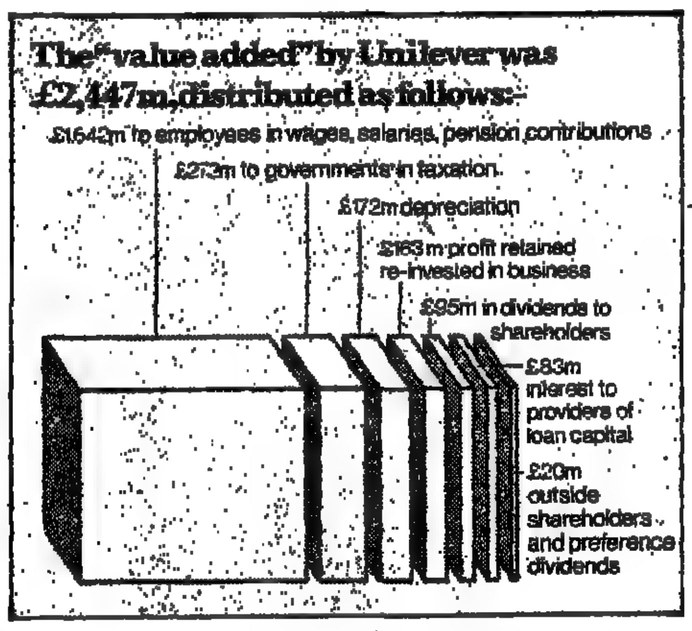
The year in brief

For the year as a whole sales rose by 11 per cent at comparable rates of exchange to £9,147 million, but this was entirely due to higher selling prices. We had satisfactory growth in the first half of the year, but not in the second half when economic conditions worsened, particularly in Europe. Additionally, the cold and wet summer affected some of our businesses unfavourably. As a result, profits in Europe for a number of product groups were below those of 1976 and margins were unsatisfactory.

In the United States, Lipton Inc. achieved good results but Lever Brothers had a difficult year. UAC International continued to do well and total results of other overseas countries showed a good improvement over last year.

Results were influenced throughout the year by the effect of the change in the shareholding of UAC of Nigeria. Based on a comparison with 1976 figures adjusted to show the effect of this change and at comparable exchange rates, sales for the year would have risen in value by 16 per cent, while operating profit for the year would have risen by 6 per cent.





National Starch and Chemical Corporation

On 11th December, 1977, a letter of intent was signed between Unilever United States, Inc. and National Starch and Chemical Corporation, Bridgewater, N.J. for a proposed acquisition of National Starch and, on 16th March, 1978, a definitive Merger Agreement was entered into. The total cost will be approximately $480 million.

Finance

Total net liquid funds remained substantial at £348 million at the end of 1977, but were down from the level at the end of 1976.

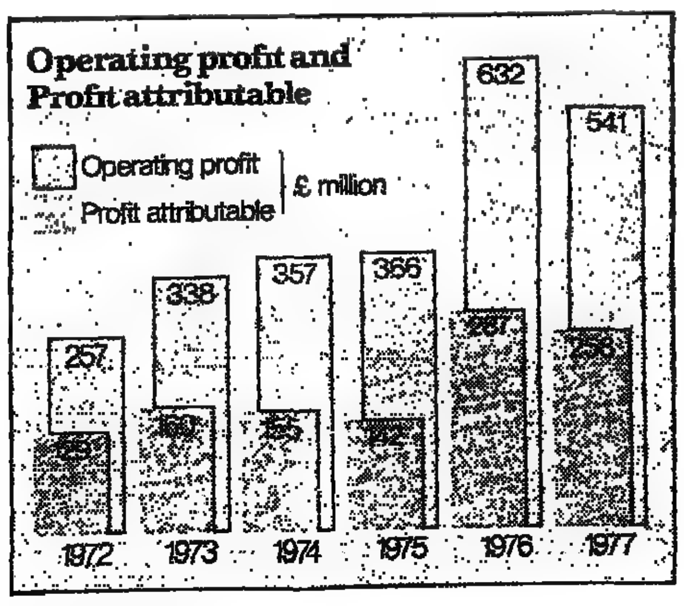
Capital expenditure was £138 million higher than depreciation. The working capital increase was lower than in 1976 because of lower raw material prices towards the end of the year, but was still substantial.

We spent £37 million on acquisitions; of these the most significant were A. Sutter A.G., a Swiss company specialising in industrial cleaning, and a majority share in Société Motta France S.A., an ice cream company. It is estimated that financing the acquisition of National Starch will increase our gearing, which was 29 per cent at the end of 1977, by some 6 per cent.

At the end of 1977 the world economic outlook in general was not encouraging and it is difficult to see a significant change in 1978. We expect 1978 to be a difficult year for Unilever. However, with improving efficiency, we are well placed to take advantage of any upturn in economic conditions.

Employees

Inevitably our Report and Accounts concentrates on facts and figures. But the facts and figures arise from the continuous effort of our employees throughout the world. Our thanks are due to them for the way in which they have dealt with the difficulties of the past year and we know that we can place our trust in them for the year ahead.



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The Report and Accounts of Limited as usual combine the results and operations of Limited and N.V. with figures expressed in Sterling.
Copies of the 1977 Report and Accounts have been posted to shareholders and holders of debentures and unsecured loan stock of Unilever Limited.
The Annual General Meeting of the Members of Unilever Limited will be held in The Queen's Room, The Baltic Exchange, 14-20 St. Mary Axe, London EC3, on Wednesday 17 May, 1978 at 11 a.m.

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Peers seek Government initiative over Salisbury agreement

New effort urged to secure Patriotic Front compromise

BY IVOR OWEN, PARLIAMENTARY STAFF

IF THE internal settlement reached in Salisbury is to succeed, the test of its acceptability to the people of Rhodesia as a whole must be supervised by machinery established by the United Nations or the Commonwealth, the Archbishop of Canterbury, Dr. Donald Coggan, told the Lords last night.

In a debate opened by Lord Carrington, the Conservative leader in the Lords, peers on all sides called for renewed efforts from the Government to persuade the Patriotic Front to accept the need to compromise with Mr. Ian Smith and the African leaders who are parties to the Salisbury agreement.

While critical of the initial response made by Dr. David Owen, Foreign Secretary, to the Salisbury agreement, Lord Home, the former Tory Prime Minister, contended that it was still possible for Britain and the U.S. to get back on the right foot and secure an effective settlement of the Rhodesian question.

But like Dr. Coggan, he emphasised the importance of the test of acceptability, recalling that the agreement which he negotiated with Mr. Smith in 1971 foundered because of the finding by the Pearce commission that it had not gained the approval of the African population.

Lord Home, who had earlier declared that the Salisbury agreement was "without question" within the six principles laid down by successive British Governments, commented: "I fell over that hurdle once, and I do not want to see other people fall over it again."

The Archbishop said the Salisbury agreement should be welcomed as a step towards establishing a multi-racial democratic Rhodesia. He referred to reports from the Bishop of Mashonaland and the Bishop of Matabeleland underlining their support for the executive council.

He feare dthat no settlement was possible which would please all the factions involved, and that terrorism would continue under the new system, "although one prays, on a smaller and steadily diminishing scale."

Dr. Coggan asked if the Government would take further steps to discover who was responsible for the death of Steve Biko. "Will it acede to the request of the South African Law Society for the setting up of a court of inquiry?"

He asked how the post mortem findings that Mr. Biko died from damage to brain and kidneys could be reconciled with absolution of the police from all responsibility.

Dr. Coggan told peers that it was almost impossible to overstress the importance of a third party presence in the transitional period. "The only chance of success for the internal settlement is that it should be validated and legitimised by observers from outside, preferably a peacekeeping force provided by the United Nations, or possibly by the Commonwealth."

Lord Home accused Dr. Owen of having administered a "cold douche" to the Salisbury agreement as soon as it was announced by declaring bleakly that it would not work. There had been an even more icy response from Mr. Andrew Young, the U.S. Ambassador to the United Nations.

The former Tory leader acknowledged that behind the critical posture taken by the Governments of Britain and the U.S., there was a desire to bring Mr. Nkomo of the Patriotic Front into the settlement, because this was the most likely way to end the fighting.

But, by their reactions, Dr. Owen and Mr. Young had created the impression that in their view Salisbury should make the concessions to Mr. Nkomo and his army.

Lord Home indicated that in his view the Government should concentrate its efforts on Mr. Nkomo and not Mr. Mugabe, the other Patriotic Front leader, who had urged the creation of a one-party Marxist State in Rhodesia.

Mr. Nkomo, he said, should be told that his return to Rhodesia should be that of a man of peace desiring to be elected to a place in the leadership of his country, rather than as one under the direction of a foreign power seeking domination by force.

He hoped Mr. Nkomo would see where his future role lay. "It is for him to walk in on a constitutional basis and in a constitutional role."

Lord Home condemned the cynicism displayed by Russian leaders in their policies throughout southern Africa, which were based on the cold-blooded calculation that the Africans, still blinded by the stigma attaching to colonialism, would receive the Cubans and their Russian arms as liberators.

The Soviet Union, he said, should be told that no one in Rhodesia had invited them there to help any section of Rhodesian opinion. Rhodesia was the responsibility of the British Parliament and nobody else. "Russia should be told so bluntly," he declared.

For the Liberals, Lord Gladwyn said there was a real division in Rhodesia on tribal lines and unless this was resolved, it would be difficult to get a compromise between the Patriotic Front and the internal leaders.

On South Africa, Lord Gladwyn said the only way of avoiding a very bloody solution lay in the gradual reform of apartheid. But he feared there were few signs that this was taking place and he doubted that economic sanctions would assist.

Namibia assurance sought by Tories

LORD Carrington, Opposition leader, said that the Government should give an assurance that the West would stick to its plans for Namibia, whatever the reactions of the South West Africa People's Organisation.

Referring to South Africa's acceptance yesterday of the Western proposals to give Namibia independence by December 31, he said this was warmly to be welcomed, even though SWAPO had not agreed.

Lord Carrington said: "I would ask the Minister to tell the House firmly and categorically that now South Africa has accepted in toto the Western proposals, the West will stick to these plans whatever may be the reactions of SWAPO."

He also urged the Government to seek to implement the plan in the United Nations Security Council.

Lord Carrington spoke against the use of sanctions against South Africa. The West must resist such proposals most strongly. "The world economic situation is difficult enough without adding gratuitously to it."

Turning to Rhodesia, Lord Carrington said that Mr. Smith had accepted majority rule, one man one vote, and a general election, all things which he had said would not come for a thousand years.

On what grounds could the four internal leaders be asked to start again from scratch after spending weeks on reaching the internal agreement?

"To be asked to do so on the basis of an Anglo-U.S. agreement, which was itself unacceptable to the Patriotic Front, until the internal settlement came along, is not practical politics," he said.

"Dr. Owen must continue his efforts," said Lord Carrington, urging a speedy progress to implementing the internal settlement. "The Patriotic Front would be wise to compromise and join the internal settlement.

"The only certainty if they do not, is the continuation and escalation of the war and the ruin of the Rhodesian economy."

Lord Carrington said that Dr. Owen should negotiate with the interim Government to get them to accept a senior British diplomat in Salisbury during this period.

Skinner hits at European 'brainwashing'

A LABOUR MP claimed yesterday that slush money was being used by the Common Market to soften people up before next year's "phoney" direct elections to the European Assembly.

Mr. Dennis Skinner (Bolsover) said that "slush fund monies" were being used to attract political activists and rank and file members of all political parties with free holidays to the Common Market on supposed background visits.

"Is it not quite remarkable that among all this talk of economy in this country, there is never any shortage of money for Common Market brainwashing," he said.

Dr. David Owen, Foreign Secretary, said he hoped Mr. Skinner would accept one of the invitations, at which the Labour MP shouted: "Some people have got integrity."

Dr. Owen said he would try to get Mr. Skinner an invitation if he had not already received one. The visits were supposed to be informational.

Mr. Skinner retorted: "You will not get me on the gravy train."

Dr. Owen suggested that as the visits were supposed to be a two-way exchange of views, if Mr. Skinner went with his well-known opinions, he might win some converts.

New Peers

TWO NEW peers, Lord Soames (C.) and Lord Evans of Claughton (L.), were introduced in the Lords yesterday.

Lifting of Rhodesia sanctions rejected

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

CONSERVATIVE demands for the immediate lifting of sanctions against Rhodesia were rejected by Dr. David Owen, Foreign Secretary, in the Commons yesterday.

Mr. Kenneth Lewis (C. Rutland and Stamford) urged that sanctions should be removed in order to support the multi-racial Government that had been established in Salisbury and to counter-balance the hostile forces surrounding Rhodesia.

But Dr. Owen replied: "I don't think it would be wise to do so. We should not underestimate the effect of UN sanctions. After 12 years they are beginning to bite."

The issue would have to be faced, when we were satisfied that a settlement was acceptable to the majority of Rhodesians, that there had been a transfer of power and a new Government elected with independence established.

Mr. John Davies, Conservative foreign affairs spokesman, argued that the Government's persistent commitment to the Anglo-American plan was bound to undermine the international settlement between Mr. Smith and the three black African leaders.

He urged Dr. Owen to give some support to ensure that the internal settlement was carried forward with help and not hindrance.

But the Foreign Secretary replied that he did not wish to hinder anyone. The one way of achieving an agreement was to bring about a ceasefire — that was the crucial element that was missing in the internal settlement.

In other exchanges, Dr. Owen voiced Britain's strong concern about the Soviet and Cuban military involvement in the Horn of Africa. But he was cool towards Conservative suggestions that he should take the matter to the UN.

"I am very worried about the effects of Soviet troops in Africa and the ability to switch the balance of power very rapidly as happened in the Horn of Africa," he declared. "On the other hand, we have to recognise that they have a right to be in Africa, just as we do."

He came in for criticism from Mr. Richard Luce, a Conservative foreign affairs spokesman, who told him: "It is deeds rather than words that will carry credibility with the Soviet Union."

Mr. Luce called on the Foreign Secretary to expose at the UN the Soviet and Cuban threat to international peace.

Dr. Owen told him that although it was always possible to go to the UN there was little point in going to the Security Council and being opposed by the whole African group.

Left-winger, Mr. Tom Litterick (Lab., Selly Oak) said that the Cuban Ambassador had recently met an all-party group of MPs at the House. The ambassador had made it plain to them that if Ethiopian troops set foot outside Ethiopia, then Cuba would withdraw all military personnel from Ethiopia just as it had earlier withdrawn its troops from Somalia when Somalian troops invaded Ethiopia.

Dr. Owen said that he had himself received a similar assurance and he hoped the Cubans would use their influence to get a negotiated settlement.

Hope for improved links with China

BY JOHN HUNT

DR. DAVID OWEN, Foreign Secretary, has invited Chinese Foreign Minister, Huang Hua, to visit London and hopes to pay a visit to Peking himself "before too long."

He told the Commons yesterday that he had renewed the invitation which was given to the Chinese Foreign Minister by his predecessor, the late Mr. Anthony Crosland.

Dr. Owen's announcement came on the eve of to-day's visit to China by the Chief of Defence Staff, Air Chief Marshal Sir Michael Beetham.

During exchanges in the House, the Foreign Secretary strongly emphasised his hopes for growing co-operation between China and the U.K. But he rejected a call from Mr. Michael Spicer (C., South Worcestershire) for an anti-Soviet defence pact with the Chinese.

"I don't think the question of a defence pact arises at all," Dr. Owen replied.

He added that Sir Michael would be in China until May 3. It was the first visit by a British Chief of Defence Staff to Communist China and his purpose was a broad exchange of views on defence matters.

Dr. Owen said he personally welcomed the visit. It was Britain's intention to improve relations with China. These had been steadily improving but there was room for further co-operation, particularly in commercial, scientific and technological exchanges.

"I wish to deepen our relations with that very great country," the Foreign Secretary declared.

A leading Left-winger, Mr. Norman Atkinson (Lab., Tottenham) asked for an assurance that improved relations with China would not be at the expense of our relationship with the Soviet Union.

Dr. Owen agreed that this was a serious question. "It is certainly not in the interests of this country to make such a dramatic shift in our policy that we would alienate the second most powerful country in the world.

"I don't think the Soviet Union would have any standing in intervening in our willingness to improve our relations with China. We will make our decisions on that relationship on its merits and what is in the interests of this country," he said.

Owen backs Carter on neutron bomb

MUCH OF the significance attached to the neutron bomb was "propaganda," Dr. David Owen, Foreign Secretary, said in the Commons yesterday.

Speaking of President Carter's decision to suspend production of the nuclear warhead, Dr. Owen told MPs: "I do not hold the same view as some about its significance.

"President Carter made a right and balanced judgment not to deploy it. Russia has attached a great deal of importance to it but a great deal of it is propaganda."

Mr. Hugh Jenkins (Lab., Putney) had asked for an assurance that in no circumstances would Britain agree to the storing or deployment of neutron bombs.

"The development of this weapon could only have disastrous results, leading to national suicide and the possible end of European civilisation" he declared.

Dr. Owen assured him that there was no question, at this time, of Britain storing or deploying the bomb.

Mr. George Rodgers (Lab., Chorley) said the first time Britain had possession of the bomb it would signify we were committed to the use of nuclear weapons.

Dr. Owen said: "The main argument against it is whether or not it would reduce the nuclear threshold. This argument is a very serious and important one. I think the whole question of first use is a very delicate decision that would only be taken under strict political control."

Mr. John Davies, shadow Foreign Secretary, said: "The nuclear bomb represents a very important defence weapon against an overwhelming build-up of arms by the USSR and as such, it directly affects the Europeans. Have our colleagues in Europe adequately pressed the U.S. on their views of the importance of this weapon?"

Dr. Owen said there had been the closest consultation with Europe before President Carter took his decision. "I believe he was influenced by the feeling that there was a more optimistic commitment to disarmament.

"I myself believe 1978 will see a successful SALT two agreement and a successful outcome to the multi-lateral balanced force reduction talks in Vienna," he added.

Whitelaw defends Tory immigration policy

BY PHILIP RAWSTORNE

MR. WILLIAM WHITELAW, Tory deputy leader, yesterday stressed that the party's tougher immigration control policy was aimed primarily at promoting better race relations.

Countering criticisms of the Tory approach, Mr. Whitelaw said he had come to the firm conclusion that success in achieving racial harmony depended crucially on the ability of Government to dispel the wild rumours about future numbers of immigrants spread by those who sought to stir racial tensions.

Experience in Northern Ireland, he told a Commons Press Gallery lunch, had taught him that real or imaginary fears had to be dispelled first if people of different groups were to be persuaded to live amicably together.

Mr. Whitelaw said that he had made up his mind over 18 months ago that the party's policy for ending the pattern of post-war immigration required greater certainty. "I was in deadly earnest . . . I have not wavered in any determination," he declared.

The party's positive approach to racial harmony had been submerged in the arguments about its proposals for immigration control, Mr. Whitelaw said.

But criticism that only the negative side of the policy had been stated was unfair, he claimed.

"The aim of Tory policy to create the right basic conditions for immigrants to take their full place as British citizens had been constantly stated. . . . It followed from this approach that we must not seek to treat members of ethnic minority groups in some special and privileged position," he said.

"The danger to racial harmony of any policy of reverse discrimination, as is sometimes flirted with, are very real.

"On the other hand, it is right that we should deal with any special disadvantages experienced by those who come fresh to our country and their families.

"Once any special disadvantages are removed, then they should have the same opportunities to make their own way as everyone else, neither more nor less."

Lack of the English language was probably the biggest barrier to educational achievement and employment among immigrants, Mr. Whitelaw said.

He suggested that more unemployed teachers should be used in expanded language teaching facilities in factories and local authority evening classes.

Positive and flexible action should be taken to improve job opportunities, housing and environment in city areas where immigrants had concentrated. Voluntary youth groups should be encouraged.

Mr. Whitelaw said that he had advocated such action in the past—just as he had emphasised the importance of the contribution to society made by the immigrant community.

Against that background, attacks on the party's motives on his own in producing the new control policy were "unfair and unreasonable."

He added: "Nothing will deter me from advocating consistently on behalf of our Conservative Party policies which after careful study, I am utterly convinced are in the best interests of our nation."

Schools inquiry gives priority to West Indian pupils

BY PHILIP RAWSTORNE

THE GOVERNMENT is to set up a special inquiry into the educational difficulties facing immigrant children and into the needs of all pupils for education for life in a multi-racial society.

Priority will be given to identifying any weaknesses in the educational system affecting the achievements of pupils of West Indian origin.

Surveys have shown that, as a group, West Indian pupils fail to achieve their full potential in comparison with other groups in school tests.

A White Paper yesterday said that the inquiry would make an interim report on this issue as soon as possible.

Replying to recommendations made last year by the Commons Select Committee on Race Relations and Immigration, the Government said that the inquiry would also look at the difficulties of other minorities.

"Pupils from various minority groups face specific difficulties arising from linguistic, cultural, religious and historic differences," says the Government statement.

"We must compensate for these difficulties if such pupils are to be given the same range of opportunity and choice as indigenous pupils."

Mrs. Shirley Williams, Education Secretary, is to discuss with interested bodies the form of the inquiry and the controversial question of collecting statistics on an ethnic basis to help monitor immigrant children.

Of the wider issue of preparing all children for life in a multi-racial society, the White Paper states that the content, emphasis, values and assumption contained in the school curriculum must reflect the diversity of the society.

The changes necessary to avoid alienation of minority group pupils would not call into question basic educational principle or philosophy.

On other questions concerning the West Indian community raised by the Select Committee, the Government says it continues to attach considerable importance to the recruitment of more police officers from the West Indian and other minority groups.

Meetings between police chiefs and the Commission for Racial Equality should provide a regular and effective forum for discussing relations between police and the West Indian community.

On immigration, the Government says it is prepared to ease the rules to allow children of up to 18—instead of 11, at present—to join single parent families in this country, provided the child can be properly cared for.

Attempts are also being made to increase the recruitment of West Indians and other immigrants into the immigration service.

The Government says that employment and social welfare of ethnic minorities should benefit from the Government's general measures, especially in the inner urban areas.

But it adds that efforts would be made to achieve sensitive adjustments in these programmes to meet special problems of minority disadvantage.

The West Indian Community, Home Office observations on The Report of the Select Committee on Race Relations and Immigration.

Private rail catering Bill fails

IF PRIVATE enterprise caterers were allowed, eating on the railways could become as popular as it was on the Continent, Mr. Giles Shaw (C., Pudsey) claimed in the Commons yesterday.

But his attempt to introduce a Bill to de-nationalise British Rail catering was rejected by 164 votes to 136, majority 28.

The measure was opposed by Mr. Richard Buchanan (Lab., Springburn) who cited motorway cafes as an example of what might happen.

He accused Mr. Shaw of tedious repetition of the Conservative Party's anti-nationalisation attitude. Handing over to private enterprise would mean the end of catering on trains. "I don't see private enterprise—with any kind of franchise—taking that on," he said.

Mr. Shaw pointed out that British Rail catering on trains and stations had been run at a substantial loss last year. The profit motive saved from ancient rolling stock in an inflexible system.

There was a tendency to concentrate on the expense account diner rather than a travelling family.

Tory allowed to address LSE meeting

By Michael Dixon, Education Correspondent

LEFT-WING students at the London School of Economics yesterday failed to repeat their ban on speakers who support Conservative immigration policy in face of a hastily arranged challenge by Mr. John Moore, a Tory Party vice-chairman and MP for Croydon Central.

Mr. Moore and the LSE's Conservative Society decided on the challenge after the school's student executive prevented Sir Keith Joseph from speaking on Monday because he refused to sign a statement repudiating Tory policy on immigration.

But no similar action was taken against Mr. Moore, a former student president of LSE, when he arrived to speak on free speech. Instead, the Left merely asked fellow students to boycott the meeting, which went ahead normally with an audience of about 80.

Roads plea

LONDON had the worst main road system of any Common Market capital, Sir Clive Bossom, chairman of the RAC, told the London Rotary Club yesterday. Unless improvements were made soon, its economic future would be seriously jeopardised.

Benn argues for open Energy Council meetings

BY SUE CAMERON

MR. ANTHONY WEDGWOOD BENN, Energy Secretary, yesterday attacked his fellow European Ministers for insisting that EEC Energy Council debates must take place in secret.

Mr. Benn told the Commons Select Committee on European legislation that one of the reasons for a loss of public and Parliamentary control was that Energy Council meetings took place in secret although in his opinion there was "no reason why they should."

As a result, there was a transferring of power to a "growing bureaucracy."

Mr. Benn said there were very definite objections to meetings taking place in secret, although arguments about publicity would not necessarily apply to all European Ministerial Councils.

"I have repeatedly brought up this matter at the Energy Council but I have found no support among my colleagues there for having open meetings. They argue that it would be embarrassing for changes of position among them to be made known."

The Marketing Scene

EDITED BY MICHAEL THOMPSON-NOEL

From the bunker to Brighton

BY MICHAEL THOMPSON-NOEL

SCANNING THE TIMES' sports page this week for a clue to the fate of Comet Kohoutek in the 3.45, the eye travelled down and across, alighting at last on a 10 cms × 2 advertisement in the bottom right-hand corner surmounted by the following neo-Delphic phrase:

A LAST CALL TO ADVERTISING AND MARKETING PEOPLE.

What on earth was going on? Were they being rounded up? In a sense they were, for the ad was an invitation to the Advertising Association conference that starts in Brighton to-day and thus to join in "the most vigorous argument ever for advertising and marketing."

The text observed that the economy desperately needed more profits, more creation of wealth. "Yet resources are limited. So the need for better marketing of our resources becomes vital. With this has come a new appreciation of the role of advertising—because good marketing starts with properly planned advertising and leads directly to greater profits. With greater profits there is more investment, more jobs and a better future."

It was confident stuff, and why not? For it is a characteristic of the advertising business that just as its own ups and downs reflect or at least anticipate the trade cycle itself, so the barometer of its own self-confidence rises and falls.

When things are going well, it feels more emboldened than usual to remind the rest of business and commerce that commando raids on the advertising budget are by no means the best response to a downturn in trade, or that because of a cross-purpose between marketing and corporate managements—often the result of an imperfect understanding on both sides of how advertising actually works—it is by no means reasonable to assert that short- or medium-term reductions in the advertising effort are unlikely to affect a company's market situation.

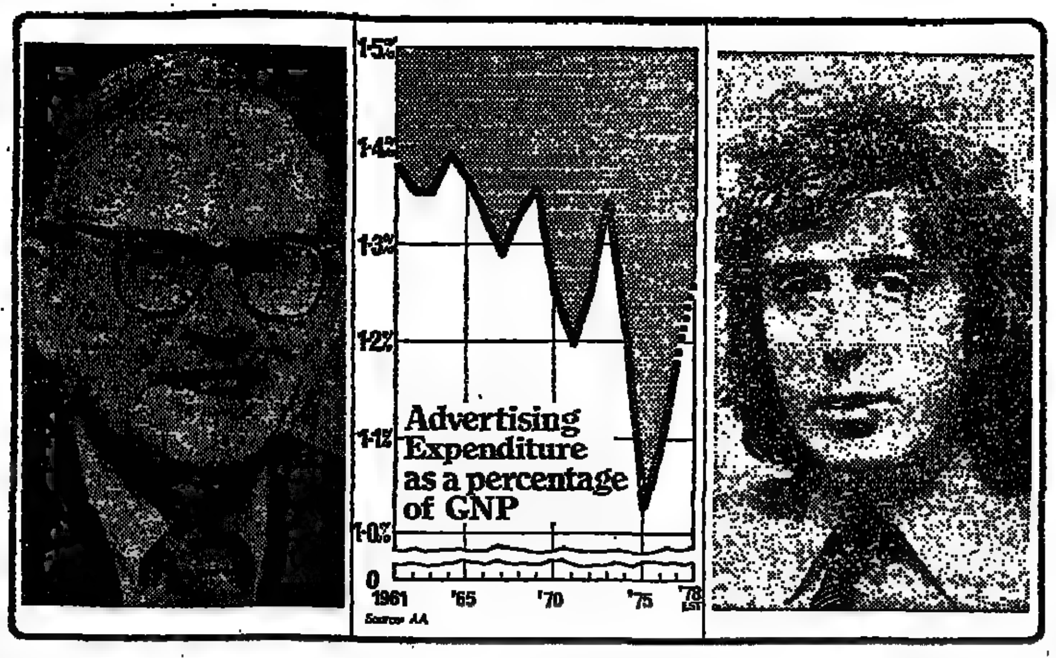
On the other hand, when times are tough, ad-men tend to retreat into the bunker of their own misfortune, and not a lot is heard. They are not in the bunker at present. Advertising expenditure is buoyant. Employment is rising. Profits are bounding.

There are even signs that some very big companies indeed are increasingly prepared to doff their caps to their agencies and marketing departments for a job well done—formerly not a great custom in Britain. Recently, announcing that in 1977, in real terms, it recorded the highest sales (£469m.), profits (£41.5m.) and capital expenditure (£23.8m.) in its history, Rowntree Mackintosh went out of its way to note that its U.K. confectionery division had significantly increased its share of this most competitive market, partly because many established brands had performed well but also because of the spangled debut of its Yorkie chocolate block, which soon after its launch tore gaping wounds in the opposition.

This credit line in the chairman's statement was very well received at J. Walter Thompson, which together with the rival D'Arcy-MacManus and Masius is Britain's joint biggest agency. For as JWT chairman Jeremy Bullmore likes to observe, one-eighth of a *successful* agency's work involves the production of advertisements; the other seven-eighths can involve helping clients like Rowntree, which spent nearly £5m. on advertising via JWT last year, invent, develop and market a product like Yorkie.

The advertising boom at present underway—it began some time ago—is at nothing like the heights of 1973-74, nor are times as prosperous as during most of the 1960s. But they are not half bad. Last year, across all media, the ad spend reached £1.48bn., perhaps £1.49bn., compared with £1.188bn. in 1976. According to the latest reading of the entrails, the ad spend this year should reach £1.8bn. with relative ease—an improvement of more than 20 per cent and one that should knock this year's rate of general inflation into a cocked hat.

If we transpose those sort of figures on to the swingometer of advertising expenditure as a percentage of GNP, it is seen that the percentage will recover this year to something like 1.26—comfortably ahead of last year's 1.18 per cent. though still, of course, well below the levels of the 1960s and early 1970s. (Britain is by no means out of tune with international behaviour on the advertising-to-GNP front: the percentage has fallen virtually throughout the industrialised world and may never fully recover.)



Left: Jeremy Bullmore, chairman of J. Walter Thompson: a bon-bon from Rowntree. Right: Frank Lowe, managing director of Collett, Dickenson, Pearce: under pressure but producing much of the best in British advertising.

No one knows how long the boom, or boomlet, will endure before inevitable de-acceleration sets in, but at least one very good reason for optimism surfaced in the consumer expenditure figures published last week. They showed that spending rose sharply in real terms during January-March this year and was running at its highest level since early autumn, 1973, for a first-quarter, 1978, total (at 1970 prices and seasonally adjusted) of £9.02bn.

'There are even signs that some very big companies indeed are increasingly prepared to doff their caps to their agencies and marketing departments for a job well done—formerly not a great custom in Britain'

The media owners will be celebrating in Brighton along with everyone else. Total net revenue of the ITV contractors over the first quarter of this year reached £83.2m., 28.9 per cent ahead of the same quarter last year. Peter Rennie at Granada calls it a "quite excellent" first quarter—a fair amount of money was brought forward from the second quarter because advertisers were not too happy with the cost prospects for the spring—and reckons that the second quarter itself should show a gain of roughly 18 per cent on the equivalent quarter last year.

The Press is happy—or as happy as it can be given its headaches with new technology and the calamities on the distribution front that have recently wiped many thousands of copies off the circulations of the national dailies. And there is a lot happening in magazines. IPC's Women's Magazines Group showed a 27 per cent. growth in ad revenue to £37.3m. for the year to March 31, 1978, and says a great many major food manufacturers, in particular, have started to re-examine the qualitative aspects of magazines (and their value for money) *vis a vis* TV. The group's food revenue last year improved 43 per cent. to £9.4m., or 6.6 per cent. of total food advertising, and that cannot be bad.

There is similar sweetness and light on the agency scene. At the top of the pile, Masius, JWT and the McCann-Erickson group continue their stable growth; Collett Dickenson Pearce (which recently reported a remarkable 68 per cent. spurt to £1.38m. in pre-tax profits for 1977) continues to produce much of the best advertising on show in this country—work that is as profitable for its clients as it is difficult for less-talented rivals to imitate—and the ebullient Saatchi and Saatchi Garland-Compton (like Collett's, a publicly-quoted, British-owned group) continues to add on new business voraciously: most recently the Conservative Party, which has dispensed with the paraphenalia of advisory committees and placed its advertising in the hands of one of the most aggressively go-getting ad groups ever seen in Britain.

Lower down the billings list, agencies like Dorland, Doyle Dane Bernbach and Allen Brady and *Marsh*, to name just seven, are pushing up, and even further down the scale—in the low 40's and 50's—there is a whole clutch of agencies doing their own thing and doing it profitably.

Almost the only cloud on the scene at present is the news that the Inland Revenue plans to bring proceedings against Collett, Dickenson, Pearce, its chairman, John Pearce, and its managing director, Frank Lowe, apparently *resulting from inquiries* the Revenue has conducted into the tax affairs of the group for periods prior to December 31, 1974.

This is not the time to rehearse the reasons why in recent months CDP may have been forgiven for feeling itself besieged by the advertising business. It is not particularly necessary to remind the industry of how CDP stood up virtually alone against the machinations of SLADE, or of how it contributes to the commercial education of the business by refusing to pitch for new accounts or of how its own highly innovative work has contributed to the advancement, excitement and thus to the reputation of advertising as a whole.

Suffice it to say that within advertising and without, there is a groundswell of sympathy for *CDP, and a firmly-held theory* in some tax circles that the Revenue has decided to make a showpiece of the agency's tax affairs precisely for the reasons of high visibility and commercial success that have made CDP the toast of its friends and the target of its enemies. It is a theory. It can be no more.

Amidst the junketings that begin in Brighton to-day, it is likely that in some quiet corner *a few reflective souls will discuss* not only advertising as it is now but as how it will become, for change is in the air, particularly in the areas to do with the regulation and control of advertisements.

In a speech last autumn, Robin Wight, creative director of Euro Advertising, set forth the changes he envisages.

"By 1987, I think all the following are likely.

"*First, misleading advertising* will become a criminal offence punishable by imprisonment. This is already the case in Sweden to-day where robbery with persuasion is as serious an offence as other types of fraud.

"Second, the most common types of advertising at the moment, the trade puffs, will be banned. Again, this has already happened in Sweden.

"Third, corrective advertise*ments will become a common* punishment for those who break the new rules. It's already begun in America, and the new EEC rules on misleading advertising propose it as well."

Such developments, said Wight, might be expected to render the future of advertising an unpalatable one. He disagreed. He believes advertising will become more efficient, more entertaining, more informational, more credible; that a "truthmark" or something like it will be formulated for advertisements and that the types and categories of advertising will be vastly expanded, particularly in the social, health, corporate, trade union and political spheres. The end result, he reckons, will be a stronger base of more effective, more appreciated, advertising far more valued by clients and consumers alike.

Mr. Wight may be an optimist; but glasses should be raised in Brighton to-day to the notion that he's not.

TOBACCO SUBSTITUTES

Scars that won't heal

TIME IS REPUTEDLY a great healer. But the scars inflicted on the major tobacco manufacturers last summer during the debacle of their bid to launch cigarettes containing tobacco substitutes on to the U.K. market run very deep and jagged, writes **Michael Thompson-Noel.**

Like vultures, questions still hover over the substitutes fiasco, for it is the enormity of what happened that will ensure that for years to come the launch will be referred to in the same tones of disbelief used to discuss the disaster of the Ford Edsel. How could three companies as sophisticated as Imperial Tobacco, Gallaher and Rothmans find themselves so totally wrong-footed in the market place? How could they have embarked upon *a new product* launch that in three short months was to run up losses reputedly exceeding £70m.? How could they have committed themselves to the sort of grandiose production plans that were later to oblige them to destroy millions upon millions of the new wonder sticks?

With some bravery—and certainly with flair—these were the questions tackled at the Marketing Society this week in a 90-minute autopsy conducted by Rex van Rossum, marketing director of Carreras Rothman. Some of the ground he covered was familiar territory. But it was his summation of the total marketing context of last summer's catastrophe from the vantage point of April, 1978, that was both new and impressive.

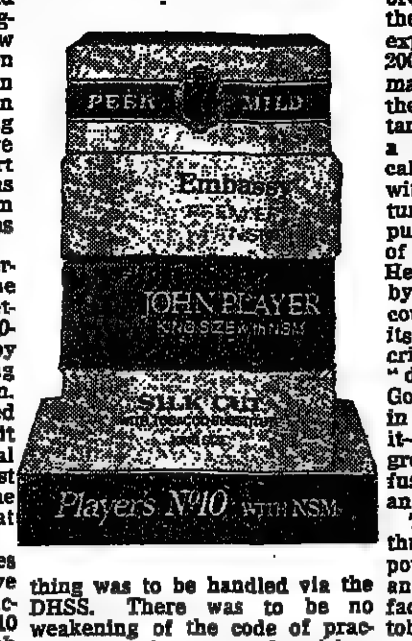
A penetration by substitutes of 3 to 5 per cent. would have been regarded by the manufacturers as a success—one of 10 per cent. a spectacular triumph for Britain was being used as a world test market. If substitutes had succeeded here, many tens of lucrative foreign markets would have opened their arms.

In the event, 30 years' R and D were incinerated in two short months. To-day, the 12 brands containing substitutes that were bundled on to the market in such haste last July 1 are accounting for just 0.6 per cent. of total sales in the £3.5bn. U.K. cigarette market and Imperial is now withdrawing two brands: Embassy Premier with NSM and Players No. 6 with NSM.

The first thing to be remembered about last July, said Mr. van Rossum, was that the market was in total turmoil. It was halfway through aligning itself with the tax changes demanded by the EEC, so that *there was both a severe price* contraction going on between the cheapest and most expensive brands, plus a fast-moving switch to king-size. In turn, the tax changes were killing off cigarette coupons. Third, fairly violent changes in market share were underway.

Given this, said Mr. van Rossum, substitutes were needed *like a hole in the head, and yet* the Government had decreed a start to the experiment by last July 1, only three months after the Hunter Committee had given substitute materials its clearance.

Immediately, the companies found themselves hemmed in by Government restrictions. Every-



thing was to be handled via the DHSS. There was to be no weakening of the code of practice on cigarette advertising, even though the substitutes were supposed to be "safer." And there were to be no tax concessions for the new products.

What did the companies know at the start of the run-up period? They knew that smokers were worried about smoking and health; that sales of low-tar brands, as at April last year, had captured only 7 per cent. of sales *because* of the taste barrier; that there was high consumer interest in substitutes, but that consumers might be suspicious if they regarded the new materials as ersatz in the perjorative sense.

Above all, they knew that some form of independent endorsement was essential. For example, say the companies, the Government might have told consumers that if they *had* to smoke they *would be advised to smoke the* new cigarettes. It might also have offered tax cuts for substitutes. Hopes like this may seem naïve in retrospect, but the tobacco companies feel they had the moral right to entertain them, which is why they were so bitter when their hopes proved hollow.

Much of what happened in the three-month run-up and during the next two months is reasonably well known. The manufacturers lambasted each other with £1m. worth of pre-launch advertising and spent another £3m. in July alone ("a morass of dull advertising," Mr. van Rossum calls it). The trade went barmy, ordering such vast quantities of the new cigarettes—Rothmans expected 100m. but was asked for 200m.-plus—that it took the makers months to sort out their production and distribution tangles. In the political arena, a campaign of what Rothmans calls "vilification" sprang up, with claims that the manufacturers had grossly misled the public on the health attributes of the new cigarettes so that the Health Education Council, funded by public money, launched a counter-substitutes campaign of its own—a £100,000 riposte described by Mr. van Rossum as a "disgrace" and counter to the Government's own stated policy in this area. And at the end of it—with the public in the greatest imaginable state of confusion—the Press turned vicious and put the boot in.

To be fair to Mr. Rossum—and thus to disarm some of the very powerful criticisms that have and could be made of the manufacturers' marketing approach to tobacco substitutes—he admitted to the Marketing Society this week that the marketing operation of last July was "not inspirational," though he doubted, in retrospect, that Rothmans itself could have handled its own launch much differently.

What conclusions does he draw? One: that governments know nothing about marketing—that they should set their scientific, technical and other *guidelines* in an area such as this and then stay out, leaving the manufacturers to go about their lawful business as they see fit. Two: that governments should not allow themselves to be panicked by extremist comment or reaction.

That is how at least one of the major tobacco companies now looks back on last summer's debacle. What business historians make *of it* may be another *matter.*

Gordon Medcalf for ABM

GORDON MEDCALF, ex-Procter and Gamble, ex-Young and Rubicam and a founder partner of The Kirkwood Company (he left in February) is joining Allen Brady and Marsh as chief executive. ABM chairman Peter Marsh, who left for Paris yesterday for further talks on British American Tobacco's £5m. U.K. launch of its State Express 555 brands next month, said Mr. Medcalf's appointment would be helpful because of big billings gains in prospect. ABM billed £12.6m. last year, expects to handle £20m. in 1978 and to employ 175.

● HI-FI INTERNATIONAL, the biggest range of audio equipment offered in the U.K. by Philips, will be supported by a promotional budget of £1.5m. this year. Jimmy Dunkley, divisional director of Philips Audio, says that audio sales to the trade this year are expected to be £396m. compared with £376m. for TV (excluding rental). Philips is spending £1m. on corporate advertising this year.

● CENTRAL OFFICE of Information is to see pitches by Lintas, Masius and Boase Massimi for the Manpower Services Commission's Training Services Division, worth £850,000 last year. *Lintas is the incumbent.* The total spent on Government advertising in 1977-78 was £18.5m., including £12.2m. Press and £5m. TV.

● DUNLOP FOOTWEAR is spending £1m. on advertising and sales promotion over the next two years . . . Wall's launches its most concentrated ad burst ever on May 1 with a £100,000 poster campaign for bacon, part of a £400,000 spring ad package.

LOMBARD

A word in season to Mr. Parker

BY ANTHONY HARRIS

THIS IS the season when people start taking ferries across the Channel, the North Sea and the Irish Sea with their cars and families, and it has, as usual, brought some nasty shocks to some.

Those on less favoured routes sometimes think wistfully of the idea pioneered by Townsend Thoresen, of offering cut fares to shareholders.

I know of one owner of an Irish house who has been pleading with the Irish authorities to sell some equity in the publicly-owned and expensive B and I line on these terms.

Inflation

The glory of the thing is, of course, not only that it tempers the wind of inflation to the *shorn* traveller, but that the benefit is tax free—a point which has not, I believe, escaped the attention of the Inland Revenue.

I should imagine that it has enabled Townsend, and would enable any successful imitator, to raise some very cheap capital.

For that reason, I fear that a rash of share *issues paying* dividends-in-kind would simply *attract new* legislation to take away the advantage.

It would be an odd gloss on the candy-floss society if companies providing services were able to raise their capital on much more favourable terms than those in such worthy pursuits as heavy engineering. But there are other *ways to sell* a service, with the same result.

One hallowed *by time is the* railway season ticket. Rail fares *seem to rise* so frequently that a season ticket is well worth *holding* as an anti-inflation hedge apart from the vast discount offered on a daily fare.

Indeed, it would be quite realistic to charge a little more for a long-term than for a short-term ticket on these grounds, though it might be seen as something of a confession.

However, this would be a mean-minded and unproductive way of exploiting the universal appeal of the season ticket to regular *travellers*, and would have been spotted by a red-blooded *marketing man as a* potential winner long ago.

What I would like to propose to Mr. Peter Parker is a much simpler, and yet *more radical*, exploitation of that appeal: *season tickets* valid for much more than the present maximum of one year.

Even ignoring inflation, our absurd marginal rates of tax on investment income would make such long-term season tickets an absurdly attractive investment for a limited class of traveller.

The senior partner of one stockbroking firm has estimated that the grossed-up capitalised *value of his season ticket from* the New Forest, at present fare rates, is £500,000.

I am not suggesting that *British Rail should ask half a* million or even a quarter of a million for, say, a *20-year ticket*. But they might find some very eager takers at 20 times the annual fare (say £25,000), or rather more.

In financial terms, British Rail would be offering what would be a form of indexed annuity — say the equivalent of a fifth of an indexed pension of £3,000. The capital value of such a pension, although paid on average for a shorter period, has been put by our correspondents a good deal higher than the £125,000 implied.

Assuming that 5 per cent. is a generous yield for an indexed, tax-free 20-year annuity for a taxpayer with a high marginal rate, it is still very cheap capital indeed, at any rate in the early years.

If used to replace the financial capital tied up in services like Inter-City, *it would save something over half the debt service costs in the early years, and* would continue to show a saving *in these terms until fares had* more than doubled.

If one considers that a season-ticket provides, as it were, its own sinking fund, it looks an irresistible way to raise capital —to any organisation without access to the subsidy from taxpayers known as Public Dividend Capital. Drawing a subsidy, of course, is much easier than thinking about an effective way to market your service.

Before anyone writes in to tell me how many 30-year tickets *British Rail would have to sell* to pay off a significant *proportion of its debt*, I will concede the point. I am not so much concerned here with a panacea for British Rail (though I think the notion might genuinely be useful).

Investor

Rather with the principle of the thing—the idea that any industry with a lot of long-life capital could make its finances *easier by paying its dividend or* its coupon in some form of real value. *For ease of accountancy* and choice for the investor, the *service it provides* is the simplest basis.

The Government did some cheap funding last year by selling some BP equity, because this has a basis in oil values.

What about British National Oil, or the Coal Board—bonds rather than equity, but with a coupon in coal or oil equivalent? Even if it were not a tax-free commuter service, I fancy the pension funds would eat them.

BUSINESS AND THE COURTS

Posing a threat to charterer's trade

BY A. H. HERMANN, Legal Correspondent

AT A time when shipping is in *a slump, shipowners are careful* not to do anything which could be interpreted as a repudiation of time charter, particularly if it was agreed some years ago *at rates much higher than prevailing at present.*

But according to a majority judgment delivered by the Court of Appeal on April 18 (subject to an appeal to the Lords) the owners of three ships, the *Lorfi*, the *Nafri* and the *Benfri*, have done just that. Acting on their London and New York lawyers' advice, the owners, belonging to the U.S. Molena Group, instructed the masters of their ships to withdraw *from the charterers* the authority to sign "freight pre-paid" bills of lading and to ensure that the money owed to the shipowners *for* the charter was secured by the cargo.

This drastic action which *was a threat to charterers'* trade was the culmination of a *series of disputes between* the owners and the charterers, the Federal Commerce and Navigation Company of Montreal, concerning deductions made by the latter from payments due for the hire of the ships.

The owners interpretation of their rights under the charter *relied* on the special rule of English law that "freight" due under a voyage charter party had to be paid in full, without deductions for short delivery or cargo damage, and on the view that this rule applied also to "hire" *due to owners under a time* charter party. This view, upheld by many judges in the past, was also taken by Mr. Justice Kerr, who decided in favour of the owners, reversing the arbitration of Mr. Clifford Clark.

In the Court of Appeal Lord Justice Cumming-Bruce followed the reasoning of the judge in the commercial court and said that he could not accept that the charterers were entitled to deduct valid claims *to equitable set off*—the deduction which English law allows to be made for expenses incurred by the debtors. But Lord Denning, Master of the Rolls, and Lord Justice Goff decided in favour of the charterers, confirming the conclusion reached by the arbitrator. A change had come about, said Lord Denning, and the time charter was so *different from voyage charter* that the law on "freight" could not be automatically applied to "hire."

* * *

He who claims to have influence must bear responsibility said the German Federal High Court (Bundesgerichtshof) deciding another recent marine dispute. The Court thus established a rule of great significance for all branches of law and particularly *for* complex international projects in which financially strong companies cannot do without the participation of relatively financially weak specialist enterprises.

The Bundesgerichtshof made *this* important ruling when *it* allowed an appeal by the Piraeus Shipping Agency which was claiming damages from a substantial Munich company *which arranges large industrial* projects in Europe and overseas.

It appears that the Munich company had some interest in enabling a small Swiss oil company to ship large quantities of Egyptian crude oil. A Greek shipping agency, acting through London brokers Castlemain (Marine), agreed a charter for the Egyptian oil with the Swiss company in the spring of 1971 but this was abandoned when it turned out that the Swiss could not provide bank guarantees required by the Greeks. The Munich company stepped in and arranged with the bankers, Merck, Finck and Co., a guarantee of freight up to $US545,800. On this basis the Greeks provided "Ross Sound," a tanker which they had on time charter from Norwegian owners. The tanker waited for oil in Ras Shukeir, but in vain. On the sixth day the Munich company asked *that* the tanker should wait longer but did not provide a *declaration that the cargo was* ready, for which the Greek company had asked and after another four days the tanker left empty.

The Greek company lost business and ran up costs in port dues and insurance premiums. *It* could not obtain compensation from the Swiss company as this collapsed shortly afterwards. It turned *for damages to* the Munich company, claiming that this and not the small *Swiss* company was in fact the decisive party in the whole arrangement. Two lower courts rejected this claim on the ground that the Munich company was a party to the charter and did not provide any guarantees to the Greeks. But the Bundesgerichtshof found that it had led the Greeks to expect that it would see that the business was properly executed. Moreover, when it asked *them to let the tanker* wait in the port the Munich *company already knew that the* oil might not have been available for another 10 days but did not tell this to the Greeks. This made it responsible for the loss the Greek shipping agency suffered.

* * *

ADVOCAAT the name given west of the Rhine to a sweet egg liqueur known as *Eiercognac* in Germany is good for lawyers. Not long ago Mr. Justice Graham decided in *favour of the Munich Loewenbrau* brewery seeking protection against a Jersey *brewer* which was trying to sell its lager in the U.K. under this name. The fact that *Loewenbrau* became in Germany a generic *description of a beer of a certain* type, irrespective of who brewed it, said the *judge, had* nothing to do with conditions in the U.K. where beer drinkers *take* it to be the name of the Munich product. Last week the Court of Appeal denied protection to the Dutch Advocaat (which until 1974 *was* practically the only egg liqueur on the U.K. market), against *the* "Old English Advocaat" sold in Britain since then.

The three appeal judges went even further than the EEC Commission which in its decision of 1974, denying the Belgian asignée of the Advocaat Zwarte Kip trade mark the right to stop imports of an identically trade marked Dutch product, stating that it did not matter that the two products were different as long as consumers *were informed* of the difference and origin. Reversing the decision of Mr. Justice Goulding who held that the public had been deliberately induced to believe that in buying Townend's Old English Advocaat they were in fact buying Advocaat, the Court of Appeal *held* that it did not matter that the Dutch product was made of spirit while the English was made of fortified wine. Protection by a common law action complaining that someone's goods are passed off *for somebody else's product* was available only to a producer of a product unique to him or to a number or class of identified producers of which he was one.

This rule protects Scotch whisky against those who would want to produce it in Newcastle, *and Champagne against* sparkling wine from other regions of France, but it does not seem to bestow the same benefit on the Pilsner lager (known as the "Pils" on the continent) of which now only the Urquel brand is brewed in the Czech town after which it is named. There is great scope here for harmonisation of law about which neither the EEC Commission nor the Council of Europe seem to have done much so far.

Sweet is capable of spoiling Piggott's chance of double

RACING

BY DOMINIC WIGAN

A YEAR ago Lester Piggott took the Princes Elizabeth Stakes with Barry Hills' Lady Mere and be must be hopeful that Montelimar —last season a stable mate of that winner—can do the trick for him on this occasion.

The length conquerer of newcomer Court Barns in the Rose of Lancaster Stakes at Haydock in mid-summer, this rangy Wolver Hollow filly, now trained at Beckhampton, then did well to finish a close second to *Ludstone* in a £3,300 event at Thirsk before winding up her first campaign with a 6th-placed effort in *Deauville's Prix du Calvados*.

Considered to be well forward, Montelimar would not have had to have improved a great deal over the close season to make her presence felt in this afternoon's Group Three event.

To others with strong claims to consideration on their juvenile form are Varishkina and The Sweet. The first-named, a Henry Cecil trained Derring-Do bay whose dam, Varinia III, made the frame in the Oaks, the Ribblesdale and *Park Hill*, impressed when justifying favouritism in the Malton Stakes at York in September.

Always going well within herself there, Varishkina proved too strong for Spring in Deep Sea, beating the Newmarket filly, from whom she was receiving only 5 lbs, by a rather comfortable $1\frac{1}{4}$ lengths.

In contrast to Varishkina, who made only one other appearance as a juvenile, The Sweet had a busy time. The $1\frac{1}{2}$-lengths winner of a minor event at Windsor on her second appearance, she went on to run with distinction in far better company.

The $1\frac{1}{2}$ lengths third of nine to Enstone Spark in the Lowther Stakes at York on her next appearance, The Sweet undoubtedly put up her best two-year-old performance in the Tad*caster Stakes on the same course* in September.

In that event, she failed by an admittedly somewhat flattering neck to hold the 1,000 Guineas favourite, Cherry Hinton, after making virtually all the running. She is my idea of the likely winner.

EPSOM

2.00—Belilla
2.30—Fettered**
3.05—The Sweet***
3.35—Song's First
4.10—Hills Treble
4.45—Saul

TEESSIDE

1.45—Mr. Pringle
2.15—Supreme Lil
3.45—Precious Petra
4.15—Edmund Burke
4.45—Northern Magic*

TV/Radio

† indicates programme in black and white.

BBC 1

6.40 a.m. Open University. 9.41 For Schools, Colleges. 12.35 p.m. On The Move. 12.45 News. 1.00 *Pebble Mill*. 1.45 *Chigley*. 2.00 You and Me. 2.36 For Schools, Colleges. 3.00 Children's Wardrobe. 3.53 Regional News for England. 3.55 Play School. As BBC 2 11.00 a.m. 4.20 The Mole and the Transistor. 4.25 Heads and Tails. 4.40 Cartoon. 5.00 John Craven's Newsround. 5.05 Blue Peter. 5.35 *Magic Roundabout*.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
6.55 To-morrow's World.
7.20 Top of the Pops.
8.05 Wildlife on One.
8.30 *Happy Ever After*.
9.00 Labour Party Political Broadcast.
9.10 News.
9.35 Ronnie Corbett's Thursday Special.
10.20 Prince Charles presents *Face Values*.
11.10 To-night.
11.50 Weather/Regional News.

All regions as BBC 1 except at the following times:

Wales—1.45-2.00 p.m. Mr. Benn. 4.40 Crystal Tipps and Alistair. 4.45-5.05 Tren Sgrech. 5.55-6.20 Wales To-day. 6.55-7.20 Heddiw. 11.50 News and Weather for Wales.

Scotland—5.55-6.20 p.m. Reporting Scotland. 8.30 Current Account. 9.00-9.10 Labour Party Political Broadcast. 11.50 News and Weather for Scotland.

Northern Ireland—3.53-3.55 p.m. Northern Ireland News. 5.55-6.20 Scene Around Six. 11.10-11.40 The Hong Kong Beat. 11.40 News and Weather for Northern Ireland.

England—5.55-6.20 p.m. Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands To-day (Birmingham); Nationwide (London and South East); Points West (Bristol); South To-day (Southampton); *Spotlight South West (Plymouth)*.

BBC 2

6.40 a.m. Open University.
11.00 *Play School*.
3.10 Snooker.
4.55 p.m. Open University.
7.00 News on 2 Headlines.
7.05 The Engineers.
7.30 Newsday.
8.05 Gardeners' World.
8.30 Living in the Past.
9.00 Party Political Broadcast —as BBC 1.
9.10 Law and Order.
10.35 Men of Ideas.
11.20 Late News on 2.
11.30 Snooker.

LONDON

9.30 a.m. School Programmes. 12.00 Charlie's Climbing Tree. *12.10 p.m. Pipkins. 12.30 The* Child Wants a Home. 1.00 News. *1.20 Help! 1.30 Crown Court.* 2.00 After Noon. 2.25 Racing from Epsom. 3.50 The Sullivans. 4.20 Little House on the Prairie. 5.15 Mr. and Mrs.

5.45 News.
6.00 Thames at 6.
6.35 Crossroads.
7.00 Charlie's Angels.
8.00 Get Some In!
8.30 Armchair Thriller.
9.00 Labour Party Political Broadcast.
9.10 What's On Next.
9.40 This Week.
10.10 News.
10.40 Mavis—Wanting to Know.
11.10 Drive-in.
11.40 Elaine—the Singer of the Song.
12.10 a.m. What the Papers Say.
12.25 Close: Gillian Bailey reads a poem for Save The Children Week.

All IBA Regions as London except at the following times:—

ANGLIA

1.25 p.m. Anglia News. 2.00 Women Only. 4.20 Rocket Robin Hood. 4.45 The Adventures of Black Beauty. 5.15 Emmerdale Farm. 6.00 About Anglia. 6.20 Arena. 7.00 Enterprise. 7.30 The Six Million Dollar Man. 10.40 An Audience with Jasper Carrott. 11.10 The Streets of San Francisco. 12.10 a.m. Man and Woman. 12.40 The Living Word.

ATV

1.20 p.m. ATV Newsdesk. 4.20 Tarzan. *5.15 Happy Days*. 6.00 ATV Today. 7.00 Emmerdale Farm. 7.30 Challenge of the Sexes. 10.40 Man and Woman. 11.10 Gardening Today. 11.40 Police Woman.

BORDER

†1.20 p.m. Border News. 5.15 Lassie. 6.00 Lookaround Thursday. 7.00 Emmerdale Farm. 7.30 Bionic Woman. 10.40 Police Woman. 11.40 Man and Woman. †12.10 a.m. Border News.

CHANNEL

1.18 p.m. Channel News. 6.00 Channel News. 6.10 Elephant Boy. 7.00 The Six Million Dollar Man. 9.00 Vision U.S.A. 10.38 Channel Late News. 10.42 In Search Of. 11.10 TV Movie. 12.45 a.m. News and Weather in French.

GRAMPIAN

1.20 Grampian News Headlines. 6.00 Grampian Today. 10.40 Music in Camera. 11.10 Reflections. 11.15 Baretta. 12.10 a.m. Stars on Ice.

GRANADA

1.20 p.m. This is Your Right. 5.10 This is Your Right. 6.00 Granada Reports. 6.30 Emmerdale Farm. 7.00 Get Some In! 7.30 Danger in Paradise. 10.40 What's On. 11.10 What the Papers Say. †11.40 The Untouchables.

HTV

1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 2.00 Women Only. 3.50 Beryl's Lot. 4.20 Return to the Planet of the Apes. 4.45 Breaktime. 6.00 Report West. 6.18 Report Wales. 6.35 Get Some In! 7.05 Mr. and Mrs. 7.35 Danger in Paradise. 10.45 Gallery. 11.15 Dan August.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion y Dydd. 4.20 Miri Mawr. 4.35-4.45 Weithdaithna. 6.00-6.18 Y Dydd. 6.35-7.05 Sports Arena. 10.10-10.45 News at Ten followed by Report Wales Headlines. 10.45-11.15 Book Review.

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.18-6.35 Sport West.

SCOTTISH

1.25 p.m. News and Road and Weather Report. 2.00 Women Only. 5.15 Teatime Tales. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Garnock Way. 7.00 Emmerdale Farm. 7.30 Thingumyjig. 9.00 Party Political Broadcast by Labour Party in Scotland. 10.40 Something Special. 11.40 Man and Woman. 12.10 a.m. Late Call. 12.15 Star Maidens.

SOUTHERN

1.20 p.m. Southern News and Weather. 2.00 Women Only. 4.20 Dynomutt. 4.45 The Lost Islands. 5.15 Betty Boop. 5.20 Crossroads. 6.00 Day by Day. 6.30 University Challenge. 7.00 *Emmerdale* Farm. 7.30 Hawaii Five-O. 10.40 The Practice. 11.10 People Rule! 11.55 *Southern News Extra*. 12.05 a.m. What the Papers Say.

TYNE TEES

1.20 p.m. North East News and Lookaround. 2.00 Women *Only*. 4.20 Clue Club. 4.45 The Little House on the Prairie. 6.00 Northern Life. 7.00 Emmerdale Farm. 7.30 The Bionic Woman. 10.40 Double Top. 11.20 Battleground. 11.50 Man and Woman. 12.20 a.m. Epilogue.

ULSTER

1.20 p.m. Lunchtime. 4.18 Ulster News Headlines. 4.20 Dynomutt. 4.45 Little House on the Prairie. 6.00 Ulster News. 6.05 Crossroads. 6.30 Reports. 7.00 Emmerdale Farm. 7.30 The Bionic Woman. 10.40 Counterpoint. 11.10 Hogan's Heroes. 11.35 Living and Growing. 12.00 Old House, New Home. 12.25 a.m. Bedtime.

WESTWARD

1.20 p.m. Westward News Headlines. 6.00 Westward Diary. 7.00 The Six Million Dollar Man. 10.38 Westward Late News. 10.40 Westward Report. 11.10 TV *Movie*: "Shadow on the Land." 12.45 a.m. Faith for Life.

YORKSHIRE

1.20 p.m. Calendar News. 4.20 Happy Days. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 7.30 Emergency. 10.40 Danger in Paradise. 11.40 Man and Woman.

RADIO 1 247m

(S) Stereophonic broadcast

5.00 a.m. As Radio 2. 7.02 Noel Edmonds. 9.00 Simon Bates. 11.31 Paul Burnett including 12.30 Newsbeat. 2.00 p.m. Tony Blackburn. 4.31 Kid Jensen including 5.30 Newsbeat. 7.30 Country Club (S) (joins Radio 2). 10.02 John Peel (S). 12.00-2.00 a.m. As Radio 2.

VHF Radios 1 and 2—5.00 a.m. With Radio 2 including 1.55 p.m. Good Listening. 10.00 p.m. With Radio 1. 12.00-2.02 a.m. With Radio 2.

RADIO 2 1,500m and VHF

5.00 a.m. News Summary. 5.02 Ray Moore with The Early Show (S) including 6.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.27 Racing Bulletin. *8.45 Pause for Thought*. 10.02 Jimmy Young (S). 12.15 p.m. Waggoners' Walk. 12.30 Pete Murray's Open House (S) including 1.45 Sports Desk. 2.30 David Hamilton (S) including 2.45 and 3.45 Sports Desk and Racing from Epsom at 3.45 and 4.10. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 Country Club (S). 9.02 Folkweave (S). 9.55 Sports Desk. 10.02 Funny You Should Ask. 10.30 Star Sound Extra. 11.02 Brian Matthew introduces Round Midnight including 12.00 News. 2.00-2.02 a.m. News Summary.

RADIO 3 464m, Stereo & VHF

†6.55 Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composers: Obrecht and De La Rue (S). 9.50 Edinburgh International Festival 1977 (S), concert. 10.40 In Short. 10.50 Edinburgh International Festival 1977 part 2 (S). *11.30 Midday Concert (S), part 1*: Moniuszko, Chopin. 12.10 Interval Reading. 12.15 Concert, part 2. 1.00 p.m. News. 1.05 Tokyo String Quartet: Bartok, Ravel (S). 2.10 Oberon—Opera in three acts, music by Vranicky. 2.55 Words. 3.00 Oberon (continued) (S). 3.50 Classical Music of Thailand (S). 4.00 The Paul Sacher Commissions (S). Martinu on records. 5.45 Homeward Bound. 6.05 News. 6.10 Homeward Bound (continued). 6.30 Lifelines. 7.30 Shostakovich Concert, part 1 (S). 8.25 Music Therapy. 8.40 *Shostakovich (S)*. 9.25 Sierra Leone (short story). 10.00 Italian String Trio: Mozart, Beethoven (S). 10.45 Drama Now "Webster's Revenge," by Margaret Hollingsworth (S). 11.25 News. 11.30-11.35 Tonight's Schubert Song.

Radio 3 VHF only—6.00-7.00 a.m. and 5.45-7.30 p.m. Open University.

RADIO 4

434m, 330m, 285m and VHF

6.15 a.m. News. 6.17 Farming Today. 6.35 Up to the Hour. 7.00 News. 7.10 *Today*. 7.35 Up to the Hour (continued). 8.00 News. 8.10 Today. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Those You Have Loved. 10.00 News. 10.05 From Our Own Correspondent. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 With Great Pleasure. Diana Rigg chooses poetry and prose. 11.45 Yokel Yarns. 12.00 p.m. News. 12.02 You and Yours. 12.27 Just a Minute (S). 12.55 Weather and programme news. 1.00 The World at One. 1.30 The Archers. 1.45 Woman's Hour including 2.00-2.02 News. 2.45 Listen with Mother. 3.00 News. 3.10 Questions to the Prime Minister "live" from the House of Commons. 3.35 Wildlife. 4.00 News. 4.05 Jack de Manio Precisely. 4.35 Story Time. 5.00 Serendipity. 5.55 Weather and programme news. 6.00 News. 6.30 Brain of Britain 1978. 7.00 News. 7.05 The Archers. 7.20 Checkpoint. 7.45 Nunaga the story of Duncan Pryde (S). 8.30 James Cameron with the BBC Sound Archives. 8.45 Analysis. Sir Arnold Weinstock in conversation. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight: News. 10.30 Any Answers? 11.00 A Book at Bedtime: "Brighton Rock." 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

206m and 94.9 VHF

5.00 a.m. As Radio 2. 6.30 Rush Hour. 9.00 Nowsline and Grooves. 9.30 London Live. 11.03 In Town. 12.03 p.m. Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 In Town (as 11.03 a.m.). 8.30 Soul 78. 10.03 Late Night London. 12.00 As Radio 2. 12.05 a.m. Question Time from the House of Commons. 1.00-Close As Radio 2.

London Broadcasting

261m and 97.3 VHF

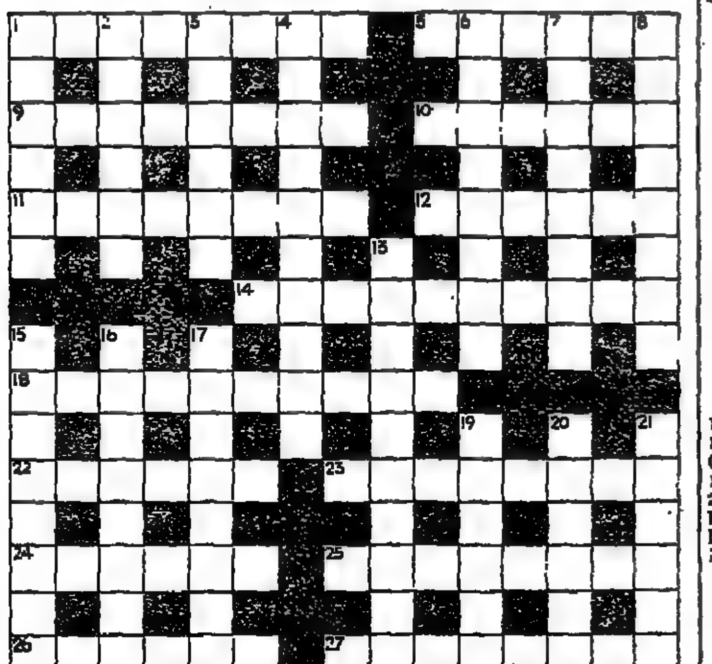
5.00 a.m. Morning Music. 6.00 A.M.: non-stop news, travel, sport, reviews, information. 10.00 Brian Hayes. 1.00 p.m. LBC Reports including George Gale's 3 O'Clock Call. 8.00 After 8—with Ian Gilchrist. 9.00 Nightline. 1.00-5.00 a.m. Night-Extra—with Adrian Scott.

Capital Radio

194m and 95.8 VHF

6.00 a.m. Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 p.m. Roger Scott (S). 7.00 Lord George-Brown's Capital Commentary (S). 7.30 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne (S). 11.00 Tony Myatt (S). 2.00 a.m. Duncan Johnson's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 3,653



ACROSS

1 A seat in the Lords means *dismissal from a Dorset town* (8)
5 *Clear cover includes one* politician (6)
9 "*So haunt thy days and chill* thy —— nights" (Keats) (8)
10 *Foreign capital* that is fine in Scotland (6)
11 *Stores or possibly fowls* (8)
12 Doctor in river province of India (6)
14 A sailor at length appears (4, 6)
18 A relative we must not miss when travelling (10)
22 Passes out if cliff aint safe in part (6)
23 Agreed, like Heath, about foreign currency (8)
24 Going out in book form (6)
25 Educated novice starts to repeat (8)
26 A proverb is something to chirp about always (6)
27 Become exhausted with the Saint abroad (5, 3)

DOWN

1 Wellingtons—conflicts include some in France (6)
2 The King from Borneo (6)
3 *It is found in uniform* silk (6)
4 *Subscribe to study* with a word of approval (10)
6 *Procrastination admitted by one who goes after other gods* (8)
7 Neither father nor a mother get the complete picture (8)
8 Sauce! We get down for a rebuke (8)
13 The cream of the county (10)
15 Those who deride are greedy devourers (8)
16 A king of Athens found in any element (8)
17 Command that advises labour policy (4, 4)
19 Sappers give up and go back (6)
20 Hospital comes up with nothing for the geographer (6)
21 Notice an opening in a religious season (6)

Solution to Puzzle No. 3,652

هكذا من الأصل

ENTERTAINMENT GUIDE

CC—These theatres accept certain credit cards by telephone or at the box office.

OPERA & BALLET

THEATRES

THEATRES

CINEMAS

Olivier

Brand by B. A. YOUNG

Michael Bryant and Lynn Farleigh

Ibsen wrote *Brand* for reading, not for acting; yet anything written in dialogue will be played on the stage sooner or later. Certainly in this country it was later; our first stage *Brand* was Michael Elliott's memorable production at Hammersmith in 1959, 94 years after the play's publication.

Unlike *Peer Gynt*, it does not call for anything elaborate in the way of production, once a formula has been devised for the mountains in the first three acts. In the National's staging under Christopher Morahan, simplicity rules. Ralph Koltai's ice-white stage writhes itself into a variety of mountainous shapes nothing precipitous symbolical only. On this a series of flats conjures up such scenes as are required.

Ibsen thought of Brand as "himself in his best moments," and indeed he wanted to reform Norway (while living happily in Italy) on Brand's lines. Brand is an austere preacher whose motto is "all or nothing." Waging an endless struggle against anything he believes to be unworthy, he brings down sorrow and disaster upon all he touches. His rigid code causes the death of his son and his wife, and ultimately his ejection by the very parishioners who urged him to stay with them years before. Michael Bryant, though he never stops preaching for three-and-three-quarter hours, shows in the part a clear eye and an honest, if cold, heart that might account for his popularity with the villagers though hardly for the loyalty of his wife, whom he treats with unspeakable cruelty. It is an inhumanly long part; Mr. Bryant is seldom off-stage, and as long as he is there he is the pole from which attention radiates.

The political aspects of the play are more convincing than the moral. Brand's treatment of his dying mother, left unvisited because of some dodgy financial dealings, which incidentally leave her son with a handsome legacy, is disgraceful. His refusal to take his dying son to a healthier climate is in fact weakness; but *his insistence on his wife's giving* away all her souvenirs of her only child is monstrous, especially as they are given to a worthless person.

But when discussing municipal matters with the mayor, who is played with exquisite blandness by Robert Stephens, he stimulates conversation that might almost have been written last week. The Mayor's motto is "Pro bono publico," meaning good works catch votes. The motto of the Dean (another political figure) is "Vox populi, vox dei," meaning throw dogma to the dogs. Nicholas Selby plays the Dean like a Scandinavian Tartuffe.

Around the central parts of Brand and his wife Agnes, who is movingly played by Lynn Farleigh, duty conflicting with humanity in every action until her final apotheosis in the mountains, there are some good performances in the smaller parts. In her one short appearance, Patience Collier gives a complete account of Brand's mother, avaricious and proud of it, since her dubiously-got fortune is all for her boy. (When he gets it, he builds a new church, and then, deciding on second thoughts that it is a vulgar thing, locks the villagers out of it. This is his undoing: the sins of the mothers are visited on the children.)

Daniel Thorndike makes a very human thing of his doctor's visits. There is Gerd, too, the weird wild girl who lives in the mountain peaks by the Ice Church and is tormented by an imaginary hawk. Michael Meyer suggests that "the Ice Church stands for the false citadel that each of us builds in his own imagination as a refuge from his particular hawk." Gerd, having *got hold of a rifle and a silver* bullet shoots at the hawk and brings the ice down on Brand, killed appropriately by coldness. Gerd is played with an appropriately elfin quality by Tamara Hinchco, whom I wouldn't trust in my company with a rifle yet.

This week's Books Page, devoted to illustrated books, will appear in to-morrow's paper

Elgar oratorios at Haddo House

Leading British soloists have been engaged for performances of Elgar's oratorios *The Apostles* and *The Kingdom* at Haddo House, Aberdeen.

British Petroleum is sponsoring the performances by the Haddo House Choral and Operatic Society on May 13 and 14.

The soloists will be Margaret Marshall (soprano), Helen Attfield (contralto), Neil Jenkins (tenor), and Brian Rayner Cook, David Wilson-Johnson and Stephen Roberts (bass).

The two oratorios are seldom heard consecutively as the composer intended, but were given in this form at Haddo House three years ago.

Both performances will be conducted by June Gordon and there will be a professional orchestra drawn from throughout Britain.

Record Review

Two Verdi operas

by RONALD CRICHTON

I due Foscari Ricciarelli, Carreras, Cappuccilli, Ramey/ORF Symphony Orch. and Chor./Gardelli. 2 records in box. Philips 6700 105, cassette 7699 057. £7.98

Il trovatore Price, Obraztsova, Bonisolli, Cappuccilli, Raimondi/Berlin PO, Deutsche Oper. Chor./Karajan. 3 records in box. EMI SLS 5111, cassette TC SLS 5111. £11.95.

The valuable Philips series of early Verdi operas brings *I due Foscari* in time for the production of the work on May 4 by the English National Opera. There is a bargain offer (limited availability!) of four seats at the London Coliseum plus a set of the records—for details apply to the theatre. The recording is so good that extra inducement is hardly necessary, yet the more people who can be persuaded to share the double experience of hearing an unusual opera in Italian on records and in English in the theatre the better. Every means of ensuring good audiences for the less hackneyed part of the repertory deserves to be tried.

I due Foscari, Verdi's sixth opera, followed *Ernani*, to which, as Julian Budden points out, it *stands* in more or less the same relationship as *La traviata* to *Il trovatore*, an intimate work after a story of violent action. *Foscari* is a chamber piece, set in 15th century Venice, inside and near the ducal palace. The source was Byron's verse drama *The Two Foscari*. Typically, it was the central situation that fired Verdi's imagination—the plight of a father (the Doge, *Francesco Foscari*) *compelled by* the laws of the republic to uphold sentence of banishment for treachery on his son Jacopo. When it transpires that Jacopo, as he has maintained all along, is innocent, it is too late. He has died of grief on his way to exile. The Doge's enemies then compel him to abdicate, and he dies broken-hearted in his turn.

Though it is indeed based on a striking idea, Verdi found Byron's dramatic framework too limited for operatic purposes. His librettist Piave was set to fill it out, though neither he (nor Verdi, who seems himself to have made most of the suggestions) could do much more than inject a succession of announcements of ever worse news for the poor Doge, whose sufferings at times recall those of Job. Yet the music for the most part is so gripping and so concise, the short sections so cunningly drawn together, that the gramophone listener will hardly bother about dramatic shortcomings, while memories of a University College London production many years ago suggest that the spell *can be equally strong* in the theatre.

The performance under Lamberto Gardelli, with the ORF Symphony Orchestra and Chorus and a star cast, is so alert and stylish, so transparently clear and precisely pointed that even doubtful moments in the score (like the quartet-finale to the first scene of act 2, set in the waltz rhythm Verdi was to use more appropriately for "La donna è mobile") slip by. The almost indispensable, practically ubiquitous Cappuccilli sings the Doge, giving at least up to his final scene a restrained performance far more appealing than the slightly routined reliability of his grander assumptions. The voice hardly suggests the Doge's great age, but that, in a recording of a role relying so much on a well-sustained line, is possibly too much to expect.

Jacopo, the unfortunate son, is admirably taken by José Carreras, youthful but also as resolute as a character can be who has so little opportunity to translate resolution into action. Katia Ricciarelli is Lucrezia, Jacopo's unavailingly determined wife, who storms into the masculine preserve of the Council of Ten bringing her young children. Miss Ricciarelli is now a very fine lyric soprano, with a quality of such sympathetic, lambent radiance that one may forgive occasional untidiness of outline. The grand-voiced American bass, Samuel Ramey, does what can be done to make the role of the Foscaris' implacable enemy Loredano effective on disc—this villain needs to be seen biding his time. This is a first class recording, with excellent balance between the voices and the delicate, often chamber-musical scoring. The opera packs easily on to four sides, and is difficult to resist playing through at a single hearing.

The Karajan *Trovatore* from EMI is the performance I heard at the 1977 Salzburg Easter Festival, but recorded in the Berlin Philharmonic, with Obraztsova as Azucena in place of Cossotto and Raimondi as Ferrando in place of van Dam. Evidently Karajan's interpretation, so painstakingly thought out, has "set" — everything comes back, including things the recording can't give, like Luna's great, flapping standard in the camp scene and the enormous, multiple-red curtain that formed the backcloth for "Di quella pira." Full use is made of the Philharmonie's spatial possibilities — so much so that might suppose Ferrando to be telling his tale in an underground bunker and the troubador singing his serenade on the shores of the Baltic. When they stop pushing effects to the limits, the sound is very good.

Once again, it is a treat to have Verdi's accompaniment figures played by the Berlin Philharmonic (listen to the fabulous evenness of the clarinet arpeggios in Luna's aria). And once again Karajan slightly but irritatingly overdoes it—in the first scene and later in the convent he makes the orchestra play with extreme lightness but also makes the chorus lighter still, as though they were accompanying the instruments. In tuttis the brass come right out, not with the endearing brashness suitable to this music but with a parade-ground blare that is not pleasing. Time and again details catch the ear (like the skittering downward violin scale near the opening of act 3), but ths is not a score where orchestral detail counts for much. The physical impact of Karajan's rhythm is hardly enough to keep the ensemble firm.

Leontyne Price's Leonora is for the most part magnificent—*few sopranos to-day can deliver* "Amor, sull'ali rosee" with such voluptuous confidence. Where agility is needed, in "E deggio e posso crederlo" and in the Miserere, she is bumpy, but the lyrical parts are superb. Franco Bonisolli is not the most golden or stylish of tenors, yet his forthright Manrico is not only credible but likeable—except when he lets us have six bars of high C. A few *sotto voce* phrases apart, Luna is not a role to tempt Cappuccilli to the kind of quiet singing in which he is (as *I due Foscari* shows) so convincing. "Il balen" has grandeur, certainly, but the top is hard and the line not silken.

Obraztsova, as we know, has the voice and temperament of a major performer, yet her Azucena, tense and forceful, seems to have been recorded when the voice (so full and free in early days) was tired: the tone is too often narrow and pinched. Nobody wants Azucena to make a "nice" sound, but Stignani, to take one celebrated example, could convey everything in the music without deforming her splendid natural tone-colour, by means of the slightest variations of pace and verbal emphasis. In both recordings Verdi's structures are respected, with second verses of cabalettas and strettas intact.

Metropolitan Museum, New York

Napoleon and the Arts

by DENYS SUTTON, Editor of Apollo

The relationship between the Bonaparte family and the U.S. is highly interesting. Napoleon I gave prints by Piranesi to the New York Academy of Fine Arts and his brother, Joseph, former King of Spain, who lived at Bordentown, near Philadelphia, lent paintings to this institution. It is natural, therefore, that Napoleon should long have excited interest in the U.S. and that important works connected with his regime should be in American collections.

Recently, moreover, considerable interest has been taken in the connections between the neo-classical movement and the French Empire style, the lead for such studies having been taken by Mario Praz. A further stimulus was provided by the impressive Council of Europe exhibition devoted to Neo-Classicism at the Royal Academy.

This show made it quite clear that while the French Empire drew upon antique sources it *had its own specific* characteristics. It was no less evident that the Empire had local variants; for instance, they may be seen in Florence, Venice and Naples and in one charming room in the Palazzo Chigi-Saracini in Siena. One important variant of French Empire emerged in the U.S. with cabinet makers such as Duncan Phyfe and J. H. Lannuier, who was a Parisian.

That it is by no means easy to determine the origins of certain works in the French Empire taste is evident from the admirably staged exhibition, "The Arts under Napoleon," which is on view at the Metropolitan Museum, New York, until July 30. This contains a set of four armchairs which look completely French, but it is now known that they are Russian; the mounts may have been executed by French craftsmen. In any event, these pieces would fit into the decor of *War and Peace* or Chaikovsky's *Eugene Onegin*.

So often the art of the Napoleonic era is thought of in terms of the great Salon paintings of David and Baron Gros that it comes as a great pleasure to find that the organiser of this exhibition, Mr. James David Draper, has concentrated on the decorative arts. It was a wise decision for it permits the visitor to inspect aspects of the Napoleonic period that tend to be overlooked or misunderstood. This show, in fact, may well stimulate further research into the nature of the Empire style.

Now that we, too, live at a time of swift changes in fortune it is particularly intriguing to observe the emergence of this style which, though it has connections with that of the Directory and Louis XVI, was fundamentally one of a nouveau riche class. The same may be said of the revived rococo of the 1889s. In both cases, these new styles depended for their existence on a solid core of artisans who kept traditions alive.

Mr. Draper in his excellent catalogue, which is just the right size and not too expensive, astutely brings out Napoleon's role as a patron. He was anxious to minimise unemployment and encouraged such entrepreneurs as Jacob Desmalter and the bronze founder Thomire, and he helped the silk works of Lyons.

The development of official patronage under the Consulate and the Empire is an intriguing topic. The arts did not completely disappear during the Revolution, and certain artists either adjusted their styles to new ideas or even continued in their usual manner. Some of Hubert Robert's typical park scenes were painted while he was in prison and Houdon, who is usually remembered for his portraits of figures from the *ancien régime*, lived to make a bust of Napoleon. Indeed, one of the most instructive sections of Arnason's recent book on this sculptor dealt with his role during the Revolutionary and Napoleonic periods.

Egyptian motifs made their contribution to the Empire style. One of the most elegant pieces on view is the medal cabinet that belonged to Vivant Denon, a connoisseur of acumen and a leading figure in the art world of Napoleon's period. Vivant Denon was in Egypt with the French army and while there drew the scenes and motifs for his *Voyage dans la basse et la haute Egypte* (1802): the upper section of this piece is based on his drawing of the pylon at Ghoos in Upper Egypt. This cabinet looks ahead to Art Deco.

Another piece of high quality is a secretary in which the gilt bronze decoration is made so as to imitate a chest of drawers; it may have belonged to Marshal Lannes, Duke of Montebello. Of great charm is a cheval glass, with a frieze of butterflies, which is a reference to the Pysche legend: this type of mirror was called a *Psyché*.

The revelation of the exhibition is the silver. This includes an imperial silver gilt travelling service by Biennais which was presented to the Museum by Mrs. Love. The Audrey B. Love Foundation has lent some remarkable pieces, such as items from the Borghese service, also by Biennais, which is believed to have been given by Napoleon to his sister Pauline and her second husband Prince Camillo Borghese after their marriage in 1803.

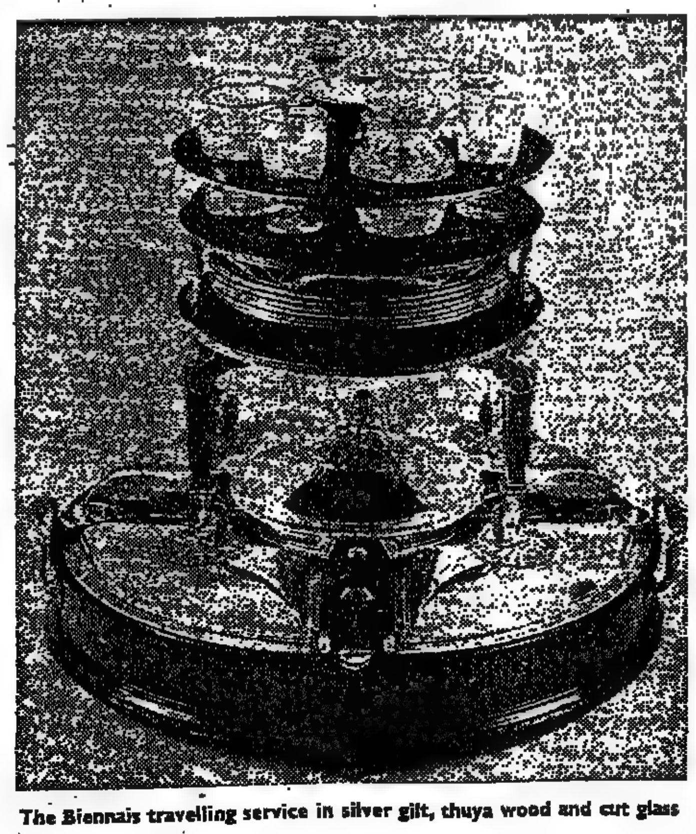
Later in date are pieces from the Demidoff service which was ordered from Odiot by Count Nicholas Demidoff, who was living in Paris in 1817. The arms are said to be those of Madame de la Chapelle to whom the service was given by Demidoff: one would imagine that she was the recipient of his affections as well. It ought to be possible to find out if the arms are those of this particular lady and something about her identity. Demidoff is also represented, as it were, by another piece—a huge vase made out of malachite mined from his estates in Russia. This was mounted by Thomire and destined for the Palazzo Demidoff in Florence: details about this residence are found in the Marchese Ginori's informative book on the palaces of Florence.

Even a relatively modest exhibition such as the present one suggests the richness of Napeolonic decoration. Josephine was an eager and extravagant patron and years later Napoleon would shudder when recalling the bills for the decoration of their first home in the rue Chantereine. Josephine was also behind the decoration of the Palais Beauharnais (now the German Embassy) in Paris, the cost of which was exceedingly high. Eugène received a monumental ticking off from Napoleon for embarking on the work without receiving a proper estimate.

One captivating item is the scrapbook of sketches in pencil and pen and ink by Charles Percier which contains drawings for every type of furniture and architecture. The sheet exhibited includes a sketch of a victory candelabrum believed to have been designed in about 1801-04 for Josephine's bedroom at Saint-Cloud.

Josephine was famous for her love of clothes. How appropriate that the show includes an exquisite belt which has a brooch set with an antique cameo. As is pointed out in the catalogue, the imperial bee and the five-pointed star indicate that it must have been made for the Empress.

This warm-hearted and adorable woman would surely have approved of this exhibition for it contains a number of court dresses. One of these was worn by Mrs. Peter R. Livingston, sister of Robert Livington, the American Minister in Paris. The group of robes also acts as a reminder that an appealing side of Paris was the lure of fashion!



The Biennais travelling service in silver gilt, thuya wood and cut glass

Sadler's Wells

Triple Bill

The programme with which the Well's resident company opened its spring season a week ago was repeated on Tuesday, with cast changes that did much to enrich the evening. It was a matter of ballerinas coming to the rescue: Lynn Seymour in *Sylphides*, Galina Samsova in *Hermanas*, and Marion Tait in *Boutique Fantasque*, each impelling her ballet in the general direction of truth, life, and some semblance of art.

Seymour's view of *Les Sylphides* is slightly odd in matter of choreography, but entirely right in the romantic ideals implicit in her dancing. Dreamy, drifting arms, a sense of the movement caught on the wing in the *grande valse*; a largeness of phrasing and statement, all help to give the ballet an idiosyncratic but authentic purpose which is lacking in most of the other performances, dutiful though they are.

Yet with softer lighting, prettier head-dresses, and less prim manner, the other sylphs might match her persuasive way with this most difficult of ballets.

In *Las Hermanas* Galina Samsova presents the Eldest Sister as a woman of innate gentleness, and this quality made the character far more pathetic than has been usual in performances of late. Samsova, sensitive in all things, was excellent in this debut appearance—and will be better still when more familiar with the links and pauses in the choreography. Alain Dubreuil as the Man caught all the sexual urgency of a role which is conceived entirely in terms of animal gratification: Lois Strike was shrill, tense as the jealous sister—a difficult part whose nuances she exactly shows.

CLEMENT CRISP

Festival Hall

Brahms by DOMINIC GILL

The soloist in the B flat piano concerto in Tuesday's Brahms concert, given by the London Philharmonic Orchestra under Daniel Barenboim, was the French pianist Jean-Bernard Pommier. It was an intelligent, cogent reading, sensible and well-schooled—yet oddly phlegmatic, imperturbable in the squareness of its phrasing, and almost entirely without fierceness. No sparks flew; the tone, at major climaxes, lacked weight, and the timbres subtle colouring. Best were the melting moments of the andante (though without, as it were, a unison of violas and oboes in the piano colour); and the finale, for which Pommier caught just the right balance of force and grace.

The evening's second half was more distinguished, and a great deal more exciting: a strong-boned, finely nuanced account of Brahms's First, grandly proposed from the opening bars and splendidly sustained. The broad sweep of the direction left some details, especially in the first movement, unfocused, under-dramatised; but the grip was keenly impressive, and the impetus unstoppable.

In its fashion, a memorable performance. And notably for the andante, and its careful vocal shaping—the flight of a single song; for the generous, expansive phrasing (and an exceptionally pretty violin solo from the LPO's leader, David Nolan); above all for the clarity of instrumental detail—at a tempo fast but flowing, never brusque. There were currents under the surface of the *allegretto grazioso* from the start, dark eddies swelled to a grand central climax. And a finale blown by a quick, firm wind: immense gathering of clouds, and eruption of brass, vibrant with life.

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Growth and inflation

THE SHARP drop in the U.S. trade deficit for March, which still leaves it rather higher than the average monthly deficit for last year, must come as a considerable relief to the Administration. The February figure was double that for January and well above the previous record; the increase was entirely due to higher imports, not primarily of oil, and was all the most disturbing since U.S. business activity was held back during the first quarter by bad weather and a coal strike. One special factor at work in February seems to have been a surge in imports of iron and steel products, in anticipation of the trigger price system designed to keep out cheap imports, but stocks generally rose in the hope of revived business activity. Exports, which fell during February, recovered well in March and the size of the February deficit, though not the existence of a substantial and continuing deficit, can be regarded as a statistical fluke.

It was the February deficit which caused President Carter, on his return to the U.S., to put greater emphasis than before on the need to check inflation and to renew pressure on Congress to accept his Energy Bill. This, coupled with a variety of measures—the latest of which is the symbolic decision to make regular sales of gold—has helped greatly to steady the dollar exchange rate, an achievement which has helped in turn to produce a major rally on Wall Street.

Better outlook

The outlook does indeed look markedly better now than it did a month ago. In the first quarter of 1978, a weak dollar and a rising rate of inflation were accompanied by an actual fall (the first for three years) in gross national product. But this fall was due to special factors already mentioned, and the Department of Commerce predicted that growth might be as fast as 6 per cent. in the second quarter. This Tuesday, in evidence to the Senate Banking Committee, the new chairman of the Federal Reserve Board, Mr. Miller, put the figure as high perhaps as 7 per cent. and made it clear that he regarded inflation as the main cloud on the economic horizon. While admitting that monetary conditions had become somewhat tighter recently, he emphasised that this was only to keep within the existing guidelines for growth of the monetary supply, which had not been altered, and that there was as yet no shortage of credit. The assurance of faster growth, a firmer dollar and the absence of a pronounced squeeze on credit was received well by investors.

Yet it is not clear that all these things can be achieved simultaneously. Mr. Miller was quite clear about the need for the monetary authorities to use their influence to combat inflation, which was due not so much to higher import prices as to a much faster rate of growth of wages than of productivity. Yet at the same time he stressed the undesirability of tightening credit conditions too much or too fast and the importance of fiscal policy supporting monetary. In particular, he wanted the Administration to postpone its proposed tax cut until the beginning of next year and take active steps to encourage capital investment.

Investment

President Carter admitted at a Press conference on the same day that he had been given no advance warning of the rise in interest rates—the Federal Reserve is, after all, independent of the Administration—and stood by his existing tax proposals. Yet he said at the same time that he wanted to keep interest rates as low as possible and that his fiscal proposals (and the reaction of Congress to them) could help to achieve this aim. It seems to be generally recognised that the U.S. economy may soon be running into supply bottlenecks and that, without an increase in the rate of inflation or the size of the trade deficit, new capital investment is needed on a larger scale. Whether this is to be brought about by keeping interest rates down or by making the kind of fiscal proposals likely to attract businessmen, however, seems still to be a matter of dispute. Mr. William Miller may turn out to be less different than expected from his predecessor, Dr. Arthur Burns.

The role of the engineer

ONE OF the more contentious issues facing the Finniston committee inquiring into the engineering profession is whether there ought to be some kind of statutory body to set standards of qualification and rules of professional conduct for engineers as happens in other professions such as doctors and lawyers. Many engineers believe that a system of statutory registration, coupled with licensing in certain clearly defined areas involving public health and safety, could help to establish the professional's credibility in the public's mind, especially overseas where such systems are regarded as normal practice.

Divided

However, the profession is sharply divided over the question of who should control the registration process. The Council of Engineering Institutions, together with the Mechanical Engineers and several other CEI member institutions, have argued that the CEI, which is already in process of setting up a comprehensive register, is the appropriate body. This has been opposed by the Electrical Engineers, the Engineering Employers' Federation, and now by the Institution of Production Engineers, the latest body to publish its evidence to the Finniston committee. According to the production engineers, the register should not be controlled by the State—as the EEF suggested—but should be maintained by a self-governing body, operating under statutory authority and having some independent members on its governing board.

The issue of registration is related to the much wider question of the role and status of professional engineers in industry. There are constant complaints from industry about shortages of experienced engineers in particular areas and of a general insufficiency of engineering graduates of high calibre, while in the profession itself it is said that engineers in industry have lost out in esteem and pay.

This seems to be something of a chicken and egg argument, and it is not clear to what extent registration would help. Almost certainly the answer lies much deeper, and involves attitudes in schools and universities and also within industry itself.

In their evidence, the production engineers say that the professional needs of industry should be the foremost consideration and that other questions, such as the structure of the engineering profession, should take second place. They argue that the Robbins committee recommendation allowing school leavers to choose whatever university course they desired, irrespective of the nation's manpower needs, coupled with the CEI's new qualification requirements which closed most of the routes by which practically trained engineers could gain chartered status through part-time study, has severely reduced the flow of qualified production engineers.

Qualifications

New ways should be devised, they say, to allow engineers to advance to higher qualifications and to provide for re-certification in areas of rapidly developing technology. The Government should provide more backing, for example by encouraging more people to take up engineering as a career and by providing more maths teachers in schools; the universities should respond more quickly to changing needs by adding new subjects and changing syllabuses;

Sir Monty Finniston said recently that the evidence his committee had been receiving had tended to be high on diagnosis, low on prescription, and in general too polite. By comparison, the production engineers are more forthright both about the structure of their own profession and about the role played by the education system. But, while the issues before the committee are undoubtedly of crucial importance, they contain only part of the answer to the question of improving this country's industrial performance.

'The corporation now has only one effective remit: to get out of the red'

An uphill haul for the NFC

By IAN HARGREAVES, Transport Correspondent

Terry Kirk

Sir Daniel Pettit, NFC's chairman since 1971. His view is that NFC will eventually be able to prosper.

THE NATIONAL Freight Corporation, once regarded as the model for a public sector company in a mixed economy, remains on probation after suffering heavy losses since 1974. In spite of improved trading results published yesterday and the financial reconstruction now before Parliament, NFC believes it is facing two tough years.

It says bluntly that the Government has not been generous enough in writing down its capital debt from £153m. to £100m., in supplying up to £15m. of interest-free capital and providing relief from the pensions and free travel obligations which the corporation inherited from its formerly railway-owned companies.

Certainly the Government package is not one of largesse compared with the funds and write-downs which have been made available to others in the public sector, including British Rail. But there has been some reluctance on the part of Government to go even as far as it has done in rescuing NFC.

This is partly the result of the corporation's own success in its earlier years. Founded in January 1969, it began with three years of modest deficits, followed by two years of equally modest profits; not dramatic perhaps, but sound enough for proponents of the mixed economy to claim that here at last was a public sector company with only 5 per cent. of its market competing effectively and on equal terms with private enterprise.

When a Commons Select Committee reviewed the NFC's first four years, in 1973, it spoke of a "remarkably good beginning."

It was even felt that the corporation could do without the £17m. remaining from a Government grant of £60m. to get the NFC's most ailing member, National Carriers, back into the black after years of neglect and poor management as British Rail's Sundries division.

So when things began to go wrong the present Government, heavily committed to the principle of no subsidies for freight transport, had little taste for the role of benefactor to the NFC. Indeed, there was an outspoken lobby within the Department of Transport in favour of killing off the weakest parts of the enterprise and allowing the rest to sink or swim.

Politically, because of employment considerations, such a course was never feasible. But it does raise the question: what use is a public sector company in an industry run with apparent efficiency mainly by tiny companies? In 1976, 88 per cent. of haulage companies (with 40 per cent. of the nation's lorries) had fewer than five vehicles each. That there are no advantages of scale is almost a maxim among the 40,000 or so companies in the business.

Part of NFC's problem has been the lack of clear thinking by the Government about its purpose. Created by the 1968 Transport Act as a convenient portmanteau for ex-Transport Holding Company assets, NFC was also invested at birth with the vague ambition of the Labour movement to control the "means of distribution" and with the fashionable addendum to that ambition, that NFC should promote, provide or secure "properly integrated services for the carriage of goods within Great Britain by road and rail."

This last requirement has for a decade exposed NFC to complaints from railway and rail union interests that it has not done enough to counter a 12 per cent. fall in the volume of rail freight since 1969. Now, approaching its tenth birthday, the corporation has been told that it is to lose control of one of its two rail-linked companies, Freightliners—a decision taken mainly to please the rail unions.

The departure of Freightliners to British Rail, which pioneered the road-rail container carrying concept, raises fundamental questions about the very nature of NFC as defined in clause one of the 1968 Act. True, the corporation retains its other ex-rail member, National Carriers, but this company now relies on rail for only 24 per cent. of its trunk movements and the amount of business National Carriers gets from British Rail as the distribution arm of Rail Express Parcels is declining steadily as British Rail prices itself out of a market where it has made heavy losses.

Sir Daniel Pettit, NFC's chairman since 1971 and, incidentally, the longest surviving chairman of any nationalised industry, was bitterly disappointed to lose his fight with the Government to retain Freightliners. But he rejects the argument that, without the company, NFC is no more than a very big road haulage operator.

He points out that NFC will probably remain Freightliners' second biggest customer, having disengaged from much long-distance trunking in its British Road Services group, and that National Carriers expects to keep its job as principal subcontractor to Rail Parcels. Also, because of National Carriers' origins, NFC remains in the curious position that about half its 40,000 employees belong to railway trade unions.

The fact remains, however, that the Labour Government has retreated from any notion that NFC can or should transfer road business to the railways, a transfer which in general terms recent Government statements have dismissed as "a pipe-dream." Indeed the change in the ownership of Freightliners, like the rest of Government policy towards NFC, owes everything to pragmatism and nothing to Labour Party transport philosophy. The corporation now has only one effective remit: to get out of the red.

In assessing the likelihood of the corporation achieving this more limited objective, it is necessary to study what went wrong in 1974, when NFC slumped from profit to a £15.8m. loss—a position which has improved only a little since then.

First, there were a number of factors outside the control of NFC management. The changes in Government pensions requirements had a severe effect on a corporation whose workforce and earning power were declining rapidly but which was saddled with the burden of maintaining genuine former employees and a large number of ex-railmen "deemed" to have worked for NFC because they had been employed in sectors since taken over by NFC. British Rail was relieved of its pension fund deficiency problems in 1974, but without the reconstruction, NFC would still be paying over £10m. a year in 1979 for historic pensions costs.

Much has also been made of NFC's dwindling dowry of land, which is still valued in the books at £68m., but which the Community Land Act, combined with the depression in construction, has rendered unsaleable at what are regarded as reasonable prices. Certainly the contribution from property sales to the Corporation's liquidity plummeted to only £325,000 last year, although significant balances of £5.4m. and £6.4m. were recorded in the previous two years.

Since 1974, NFC's fortunes have also been bound up with the condition of the economy in general and of road haulage in particular. The industrial downturn caught the Corporation at the point of its rapid expansion, in Britain and mainland Europe, from which it was unable to withdraw sufficiently quickly to match cost savings with the fall in revenue.

The European venture, which cost NFC over £10m., foundered because the Corporation bought cheap but loss-making companies in France and Germany without paying sufficient attention to the speed with which they could be turned round and, therefore, with too little preparation for their cash demands. There remains some feeling at NFC that Whitehall pulled the rug from under this project before it had time to prove itself. But with National Carriers (by then shorn of grants) doubling its losses in 1974-75 and the Corporation slumping to a £31m. deficit, the Government had little alternative but to call a halt somewhere.

It was shortly after this that the Treasury put in Coopers and Lybrand, the City accountants, and started the process which has led to the reconstruction package now before Parliament. NFC says that this package, although helpful, will keep it in deficit this year and will require it to earn a 15 per cent. return on what the Corporation describes as its £59m. "productive assets" to break even in the future. This, it adds, is at least four percentage points higher than the industry average. The Corporation has pressed for an additional write-off of £41m. for "unproductive assets"—mainly those involving the enhancement of pension schemes since 1969. NFC believes that the difference in interest payments to the Government between NFC's demands and what is on offer is about £3.5m. a year—enough to tip the scale between profit and loss in the present state of the economy, NFC believes.

This is an old bone of contention between the public and private sectors: whether or not regular interest payments on capital debt constitute a greater burden than the more flexible system of payments to shareholders in the private sector. The private sector's argument is that NFC's valuation of its own productive asset base, at £59m., is absurdly low for a company spending about £15m. a year on capital goods. Furthermore, it is said, the reduced interest payments on capital debt of about £8m. now payable to the Government by NFC represent only 2 per cent. of its £373m. turnover in 1977.

Accurate comparisons between NFC and the private sector are, however, notoriously difficult. There is no private sector undertaking anywhere near NFC's size and offering the same kind of national transport service to major industrial manufacturers. But the closest possible comparison—between NFC and Transport Development Group, the holding company for numerous local hauliers—shows NFC in a poor light. In the nine years of NFC's struggle, its rival has quadrupled turnover and almost trebled pre-tax profit to £17m. last year. It has to be repeated, however, that TDG is half NFC's size by turnover, has many non-transport interests and a fleet one quarter the size of NFC's.

On the other hand, the freight corporation has achieved a great deal since 1969. It has reduced staff levels by 38 per cent. and its total vehicle capacity by 22 per cent. without anything like a comparable decrease in the volume of goods carried. Precise, corporation-wide indices of productivity are difficult to obtain because of a diverse mix of business including activities like truck rental, but the vehicle mileage per employee, for example, was 11,871 last year against 8,719 in 1969 and gross receipts per employee are said to have risen 18 per cent. in real terms in the last two years.

Equally important, the corporation has swiftly and thoroughly altered the mix of its business away from "spot hire" general haulage in the direction of lower risk activities.

This energetic pursuit of identifiable markets, by a young and able managerial team has produced strong improvements in trading profit in many parts of the corporation in the past two years. At a time of economic stagnation and without increasing the volume of goods handled, NFC's trading balance improved by £23m. between 1975 and 1977 to £13.5m. last year. National Carriers traded profitably for the first time in its history in 1977, having been inherited from British Rail with a £24m. loss on a £24m. turnover.

In spite of these healthy trends very great problems remain—some particular to the NFC, others common to the industry. NFC, because of its liquidity problems and the tight financial regime imposed by the Treasury and Department of Transport, has had its capital spending cut to the bone in recent years. In 1976, the total of £9.9m. was in real terms less than one-third the amount allocated in 1969.

One result of this squeeze is that less than half the vehicles of Roadline, NFC's parcels carrier, are within the age range for maximum efficiency. Ironically the loss of Freightliners has brought one advantage to NFC. This is the relief from the likely £4m. a year costs to replace that company's almost worn-out cranes and containers. It is remarkable that Freightliners, which has almost trebled the volume of its business in the last nine years, has been able to spend only £16m. on capital assets.

Sir Daniel's view of the future is that NFC will, given reasonably fair economic weather, survive and then prosper. Perhaps then the corporation, without Sir Daniel who retires at the end of this year, will be allowed to renew its interest in Europe—which is only logical for a company of its size—and even to sell stakes in some of its activities to private shareholders. NFC has put several schemes along these lines to the Government, including one for special NFC Treasury stock bearing a two-tier interest rate. One tier (possibly two-thirds the level of interest on capital loans) would be payable every year and there would also be a premium rate related to annual profitability.

Such a move would certainly fit in with NFC's autonomous company structure, one of its strongest points, and with its desire to regain its image as a model for the public sector.

But in the meantime, the corporation is watching its step. The Board is slowing down the rate of new products coming from the companies and only accepts those which do not make new cash demands. Only such a period of steady conduct will allow the Governmental probation officer to close his report.

NFC'S PERFORMANCE AND INVESTMENT

	1969	1970	1971	1972	1973	1974	1975	1976	1977
Net profit/(loss) (£m.)	(2.9)	(1.2)	(1.6)	(1.2)	0.2	(15.8)	(31)	(15.2)	(9.5)
Capital spending (£m.)	24.8	24	15.8	12.1	15.2	23.2	16.4	9.9	21.2
Turnover (£m.)	168	189	195	203	223	264	291	326	373
Vehicle miles per employee	8,719	8,881	9,566	9,980	9,940	9,878	10,488	11,558	11,371

MEN AND MATTERS

Tightening NALGO's belts

A dinner bill of £77 per head is steep by any standards—not least those of some members of the National and Local Government Officers' Association. But none the less, £11,500 was allocated for the dinner that Nalgo's national executive council held this month for 150 people. When the union's conference is held in June, four regional branches will be demanding just why this was the case.

Nalgo told me last night that the bill included travel and hotel bills, and "it was not all a binge." But members from Exeter and district are "requesting" that the NEC investigate alternative arrangements. Members from London, however, are less polite and want the NEC to be "instructed" to cease such dinners.

Just to show austerity is the order of the day among Nalgo's 683,000 members, a resolution has been submitted by the Gloucestershire branch calling for the end of the free bar at the conference.

All's not gold . . .

This morning at the Stock Exchange, six keen gold investors will be somewhat quizzically greeted by stockbrokers William Legge-Bourke and Robert Keith. It was largely due to the advice of the latter, from the firm of Grieveson Grant, that the six made a 61 per cent. profit on a £20,000 investment in the half-year up to last month. But sadly for all concerned, it was only phantom money—and the "investors" have proved to be a team of sixth-formers from Ulster.

It was somewhat mystifying for the stockbrokers that throughout the winter they got a barrage of questions about the gold market from the investment division of the Ulster Bank in Belfast. "We could not understand what was wrong," says Legge-Bourke, "because no orders followed." In fact, someone in the bank was friendly with a master at the Ballyclare High School, and he was passing all the advice on to the six-formers. That is how Ballyclare won the Williams and Glyn's Stockpiler contest, in which 1,700 British schools took part. The Ballyclare six are currently on a free trip to London and will appear on Nationwide to-night. Will they admit to the way they plugged into the City's expertise?

For the record, 400 of the schools taking part showed a profit on their six-month sprees; 800 beat the FT Index, which fell 10.3 per cent. over the period.

Sliced thin

Last week I was talking to Spillers chairman Michael Vernon about the 35 bakery shops in the Matthe chain in East Anglia that fell victim to Spillers' decision to "get out of bread" after massive losses. Vernon told me then that he expected more than half would stay open. When I checked yesterday, 29 had their doors firmly shut. Four have been taken over by one of Spillers' victorious rivals, Associated British Foods. But only two are being run by former employees, which was the main hope of salvation. According to former area manager Frank Pye, who led the vain campaign to save the Matthe chain, it has proved impossible to raise enough money to buy more than two leases. He is now running a shop in Felixstowe. "It is very disappointing," he says. "Some staff were offered jobs by rival bakeries, but their loyalty to the old organisation was so strong that they refused."

Despite the gloom hanging over the closed shops, there is a gleam of hope from the tentative plans of an anonymous "leading businessman." After reading about the plight of the shops in this column, he now wants to invest in 20 of them. The big difference is that if all goes well they will sell traditional bread, baked in ovens. So in the long run, East Anglians may have something more tasty and crusty than the steamed factory loaves on which Spillers lost £28m.

Board decision

The impending launching of motorised skateboards in Britain conjured up all sorts of visions—of chaos in the parks, queues of besuited men teetering at traffic lights, and hat stands giving way to board racks. The machine itself, the Motorboard, has long been zooming round the U.S. It's 1.2hp motor gives speeds of over 20 mph and the U.S. magazine, Road and Track, has just done a five-page road test. The magazine measured such items as its kerb weight and acceleration and observed that its head room was infinity.

George Abraham, who is launching the Motoboard here, thinks it is of "tremendous interest" and hopes the police will turn a blind eye to it.

It looks as if they will have to turn a deaf ear, too. The machine puts out 85 decibels—which Abraham says is about the noise of a lawnmower. The Department of Transport thought it would need licensing if it is to be used on the road. With four wheels and a mtor, they wondered whether it should be treated as a motor vehicle. "There could be some absurd anomalies," they told me, pointing out that learner drivers would need to be accompanied. But in Swansea the Vehicle Licensing Department said that before being licensed it would have to be registered. They said that it would never meet construction and use regulations.

With roads out of the question I asked Scotland Yard about whether Motoboards could be used on the pavement. "They would be illegal," I was quickly told. It seems that the course of true innovation never runs smooth.

Proof at last

Leonardo da Vinci was scornful of those who sought the secret of perpetual motion: "Go take the place that is your's together with those who seek the philosopher's stone." Despite this he had his own design—and the £40m. development by Britain's Heron Corporation at Le Rond Point in Paris will have a working reconstruction of this as its centrepiece. It will be 20 feet high and include the last detail of all the mechanical niceties of Leonardo's vision. But Leonardo was of course correct in his scorn. The new model is to run on electricity.

Observer

FINANCIAL TIMES SURVEY

Thursday April 27 1978

FINANCE FOR SMALLER COMPANIES

Small companies in Britain, which traditionally find the necessary capital funding hard to come by, are being called upon to sustain economic recovery. Their needs have been recognised, and the number of channels open to them is on the increase.

In the limelight

By John Elliott, Industrial Editor

FOR SOME months, small companies have been at the centre of the political arena with both the Government and other political parties and pressure groups *turning to them to help* Britain recover from its economic and unemployment problems. As a result the small businessman, often in the past criticised for selfish buccaneering, *is finding* his entrepreneurial and innovative talents encouraged. And a series of studies, policy suggestions, and Ministerial pronouncements are being produced to try to solve his problems.

How long this political favour will last, and how successful it will be in real terms, remains to be seen. Any attempt to reintroduce a confident and successful base of small firms in Britain at the end of the 1970s faces the problem that it is trying to turn back the pages of history. In *particular it runs up against* the primary question of the relative merits of the individual entrepreneur and wealth as opposed to institutional and state-run intervention in business affairs. Such an issue is central to the problems of finding finance for small companies, and how it is handled may well determine the long-term success or otherwise of the present rate of activity.

But at least the appointment by the Prime Minister last September of Mr. Harold Lever to be the Cabinet Minister responsible for co-ordinating and boosting the Government's small firms policies has helped *stem the decline in confidence* and performance of Britain's one million small businesses. It is estimated that these concerns account for about a quarter of the country's workforce—6m. people—and they are therefore regarded as crucial to any significant reduc*tion in the current high level* of unemployment. Broadly, Mr. Lever sees his brief as extending downwards from *manufac*turing companies employing 200-300 people to the one-man *shopkeeper* and the self-employed plumber.

Perhaps most important of *all, Mr. Lever's appointment* has meant that the Government is now regarding small firms in a positive *light*. This *should* mean that policies of recent years which have unwittingly undermined the confidence and potential of small businesses are being reversed. So inner city redevelopments should in future *kill off fewer firms, fresh legis*lation and taxation should be designed with the problem of *the small "generalist" business*man in mind, and the Government should give more positive help with financial and other problems.

Attitude

At the same time, Mr. Lever *is trying to undo some of the* harm that the absence of such a positive attitude has done in the past, and he has set out three main areas for his work—the impact of taxation, the administrative burdens of coping *with taxation and other* statutory Government requirements, and the availability of finance. But, *together with* Mr. Bob Cryer, the junior Minister at the Department of Industry with special responsibility for the 70,000 small businesses in Britain's manufacturing industry, he has found that there is a lot of disagreement about what the problems really are.

The two issues which probably most unite all those concerned are a distaste both for current levels of income-tax and for the amont of Government literature which has to be read and the number of complicated forms which have to be completed.

There was therefore little enthusiasm among small businessmen for the limited income-tax cuts contained in the Budget earlier this month, although a number of the other changes to VAT and other taxation measures which were announced then are seen as being of some use.

In addition, *it was announced* along with the Budget measures (many of which were first *announced* in *last* October's economic package) that the amount of form filling for VAT is being halved and *Mr. Lever* is also working with the Central Statistical Office towards similar time-saving moves on other Government forms. If this work leads to further cuts in administrative burdens faced by the small businessman, many shopkeepers and small factory owners will say that the Lever exercise has been worthwhile—even if more headline-catching ideas on taxation and the availability of finance produce little more that is new.

But on many other issues there is considerable disagreement about what small firms need and this *stems* partly from a divergence of view over the rights and wrongs of individual *as opposed to institutional* wealth and entrepreneurship. This is partly a political and partly a practical problem and it goes to the heart of recent discussions about where small firms should go for the equity and loans they need to start and develop their businesses, and what sort of a say the providers *of the cash should have* in the running of the business.

Many people who prefer the *institutional path to the* prosperity *of* small firms do so for the political reason that they disapprove *of* accumulated and inherited wealth and power, and so would not want the social and *financial* legislation of recent years overturned. They do not see why an enterpreneur cannot thrive *within* an institutional-oriented egalitarian society. A slightly less committed but ultimately similar view is that it would be unrealistic to expect the developments of recent years to be turned back sufficiently to allow much accumulation of individual wealth, and *that* more reliance on institutions is inevitable.

The contrary view starts with *the condemning what is seen as* the crippling impact of high income tax, the disincentive of *other taxes* on *capital gains* and capital transfers, and then broadly asserts that the type of innovator who to-day might be starting the "big name" success of to-morrow does not have the freedom and incentive *to take risks when he is* encumbered by institutional associates.

Mr. Lever, a wealthy financier and businessman in his own right and the son of a Manchester trader who himself built up a sizeable business from small beginnings, straddles these views. But he places a basic initial emphasis on the individual investor. He sees a *major role for the* "Aunt Maud or Uncle George or the local garage proprietor with cash to spare," and for the "rich uncle in Cheltenham with nephews needing help." He wants small firms to have a "magnetic attraction" for cash from "*family* and friends and people with local knowledge," with banks and other institutions coming in later to help established *businesses*.

This issue about the role of institutions was set out by Mr. *Gordon Richardson*, Governor of the Bank of England, in a recent speech when he said "If there is an equity gap, it is unrealistic to expect it to be filled by a simple return to the past. The decline in the number of *individuals with capital which* they are prepared to invest in small businesses, and in the amount *of* the resources *such* individuals command, does not seem to me wholly reversible. Some shift in the pattern of personal savings towards institutions must be accepted, along with its corollary that institu*tions must* be *looked to as a* source of some part of the funds which earlier were mainly provided by individual investors directly." He went on to point out that while an individual is *prepared to take risks with his* own money, institutions are more cautious about how they invest the money that other people have entrusted to them.

He thought that the institutions should devise "new vehicles *for making their con*tribution to the financing of small business," but then warned: "*This in turn implies* some change of attitude by the proprietors of small business. *They have to be willing to share* more of their equity than their instincts urge them to do."

In short, one could not expect *the indulgences of the* Aunt Mauds and rich uncles in Cheltenham, who were prepared to *provide* cash without demanding either a slice of the equity or a say in the management, to be acceptable to the harder headed, *investor-cons*cious and bureaucratic institutions.

A *similarly blunt warning* about the implications for small businessmen of new-style financial backers came recently in a little-noticed report from the European employers' federation, Union des Industries de la Communauté Européenne (UNICE). Prepared for UNICE by a working party headed [illegible] an official from the Confedera[illegible]tion of British Industry [illegible] London, the report was heavily *influenced* by the views [illegible] Italian industrialists [illegible] warned: "It is perfectly proper *that any provider of risk capital* should wish to watch closely over the uses to which th[illegible] capital is applied." It conclud[illegible] therefore that, if small- a[illegible] medium-sized *enterprises* we[illegible] *to realise their* potential [illegible] growth, "there must [illegible]creasingly be willingness [illegible] many *owners* of such ente[illegible]prises to accept a measure [illegible] involvement in the running [illegible] their enterprises by outsi[illegible] providers of risk capital."

Concern

While these arguments abo[illegible] the ways of raising risk capit[illegible] and equity continue, there [illegible] also concern about how to ma[illegible] it easier *for small firms* whi[illegible] cannot show a long successf[illegible] track record to raise loa[illegible] especially from clearing ban[illegible] The Roll Committee *on Finan*[illegible] for Industry (the City's "Lit[illegible] Neddy") is studying this pro[illegible]lem *for the Government* and [illegible] to report within a couple [illegible] months on whether a Gover[illegible]*ment guarantee system for* su[illegible] loans would significantly [illegible]crease the amount of lo[illegible] finance made availab[illegible] Although this system [illegible] operated successfully abroa[illegible] especially in the U.S. and [illegible] Germany, there are ma[illegible]

CONTINUED ON PAGE VIII

Government schemes

GIVEN THE choice, most of the people running small firms would doubtless prefer to see governments concentrating upon the task of creating and sustaining an economic environment in which businesses of all sizes could prosper rather than involving themselves in positive interventions *favour* small businesses.

Both at national and at local level, there is a dawning realisation on the part of officialdom of the role that small firms can play in a thriving economy. The various measures that have been announced by Mr. Harold Lever and other Ministers in the last year or so are a *useful start* in creating an atmosphere of greater confidence. But they are only a start, particularly in the crucial area of taxation, and there is a long way to go before the years of neglect and discrimination will be made good.

In the meantime, one cannot be surprised if interventionist-minded governments conceive it as part of the duty to provide special schemes of financial assistance for *small companies*. Nor should the proprietors of small companies miss the opportunity of taking advantage of these offers if the terms are favourable.

The aid schemes currently available fall into three main groups: the schemes of assistance that are available to industry generally under the Government's regional, industry and counter-unemployment policies; the schemes specially designed for small and medium-sized companies; and the provision of equity and loan finance through the aegis of the National Enterprise Board, the Scotish Development Agency and the Welsh Development *Agency*.

Source

In quantitative terms, by far the biggest source of Government finance for small companies at the present time are the general aid schemes contained in the first of these three categories. This remains true *even* though the qualifying limits set in many of them—either in terms of size of project or number of staff—are too high for many small companies to be eligible.

The selective investment scheme which was introduced *rather more* than a year *ago* to encourage companies to bring forward projects which had been shelved or postponed has a minimum threshold of £500,000, for example. The thresholds for the various industry schemes under s. 8 of the *1972* Industry Act are by comparison much lower, and a number of smallish companies have received aid under these *schemes*. But the limits are still high enough to debar a lot of small companies.

These limits are justified on administrative grounds. Staff with *the necessary skills to* appraise proposals are limited in number. Moreover, in the assisted areas projects of small companies can qualify for selective financial assistance under s. 7 of the 1972 Act.

In the case of other general aid schemes, on the other hand, there are either no minimum qualifying limits or the limits are sufficiently low for many small firms to qualify. Much of the money paid out under the temporary employment subsidy scheme has gone to smaller companies. This is an example of an aid scheme in which the minimum qualifying threshold was reduced after it had been introduced—as has also been the case with some of the s.8 industry aid schemes. When the TES was first announced, the minimum redundancy was 50 or more employees, but within five months this was reduced to ten or more workers.

The minimum qualifying limit for regional development grants *is also relatively low.* These grants are paid towards the cost of new manufacturing, mining or construction machinery and plant in the special *development and development* areas and the cost of new buildings and works in manufacturing, mining or construction in these areas and in the intermediate areas. The *rates* are 22 per cent. in special development areas and 20 per cent. in the development and intermediate areas. To qualify an individual item of plant or machinery must cost at least £100 and a building or new *work project at least £1,000.*

Other regional aids which cater in part or in whole for firms of all sizes include selective financial aid in the form of *loans, interest relief grants and* removal grants under s.7 of the 1972 Industry Act, service industry grants (which are available to offices and research and development establishments as well as services), and the various schemes run in Scotland by the Highlands and Islands Development Board and the Small Industries Council for Rural Areas of Scotland, and in England and Wales by the Council for Small Industries in Rural Areas.

The advance *factory* building programme also includes "nursery units," or factories of the size small companies would be interested in. Recently, too, the Government has begun to act as agent for the European Investment Bank *so as to* channel funds from this source, which generally take the form of loans of £500,000 and upwards, to companies whose *needs are too small to qualify.*

Subsidy

To supplement these general *schemes, the Government has* introduced a number of others specifically catering for small companies. The biggest of these, in terms of the sums provided, is the *small companies* employment subsidy. The life of this scheme has now been extended to March, 1979 and its scope widened to include manufacturing *companies in any of the* assisted areas or the "inner city partnership areas." The rate of subsidy for each worker taken on is £20 a week for an initial period of six months.

Another scheme, whose life has also been recently extended, *is one offering grants of up to a* maximum £5,000 towards the cost of feasibility studies of possible collaborative projects involving four or more small companies (or trade associations *and other bodies representing* them). This scheme had aroused only limited interest—grants totalling only £35,000 of the £100,000 originally set aside had been taken up by last March when the scheme was due to end.

The small company counselling service, which the Government introduced at the same time—April 1976—in the south west of England, has since been extended to the northern and north west regions and is to be extended to other parts of the country. This is a scheme for making available to small companies financial and managerial advice from individuals with business experience (usually retired executives).

More recently, the Government has financed a scheme whereby small companies can call in consultants to study the scope for using computer aids in *production management.* An older scheme is the "export market entry scheme" offering repayable loans for half the overhead cost of developing an export market.

By their nature, these schemes rarely hit the headlines and so it is not surprising if many firms remain unaware of their existence. The best contact for these and other Government aid schemes are the Small Firms Information Centres, which the Department of Industry runs in London and nine other centres around the country. More widely known, perhaps, *is the possi*bility of obtaining investment funds from the National Enterprise Board and Scottish and Welsh Development Agencies, the equivalent bodies in Scotland and Wales.

The NEB is required to operate on commercial *lines*, it concentrates upon manufacturing industry and it is highly selective in the companies it supports—it has invested in *only about one in twelve of* those it has looked at as a potential investment. Not every proprietor of a small company may be keen on the idea of giving the NEB an equity holding and the right to appoint a director which NEB often requests even when it does not *intend to take it up initially,* or to consult with the NEB and secure its approval to the company's plans and objectives.

An alternative, which is now the subject of an official study by the little Neddy on Finance for Industry, *is the idea of a* Government-backed guarantee scheme for loans provided by the clearing banks to small companies. There has been consider*able debate about the merits of* this idea, both in Whitehall and in the City. But it is a possibility small businessmen should keep in mind, should the scheme ever *get off the ground.*

Their main needs may be an easing of the burden of taxation and legislation, and a real change of heart by bureaucrats *in both Whitehall and town hall.* But if the Government — and some local authorities—are willing to provide direct financial assistance, there is no reason why small companies should not at least consider these gift horses.

Colin Jones

The need to be aware of taxation

EXAMPLE OF CLOSE COMPANY APPORTIONMENT COMPUTATION

	Budget 1978 (£)	Previous position (£)
Pre-tax profits	45,402	45,402
Corporation Tax*	19,069	19,069
After-tax profits	26,333	26,333
Abatement		
$\frac{75,000-26,333}{2}$	24,333	—
	2,000	26,333
Relevant income—50 per cent.	1,000	13,167
	No apportionment as relevant income less than £1,000.	Deemed available for distribution subject to business needs.

* Same rate assumed for both periods.

DURING MY EARLY days as an articled clerk in a chartered accountant's office a man and wife came in in great distress. They had their own business and had just received a demand from the Inland Revenue *for thousands of pounds of capital gains tax*. This arose because these people had decided to bring their son into the business, giving him a part *share in the hope that he would* feel fully involved. They had done this without any advice and suddenly found themselves with a tax bill they could not meet.

I quote this sad story simply to emphasise how important it is for the small businessman to take professional advice on all aspects of his business affairs. Whether he be starting up for the first time, expanding, bringing in new partners or simply deciding how much to pay himself there is no substitute for the advice of an accountant. At every turn there are important tax angles to be considered. Indeed taxation must still be the greatest single preoccupation of most small businessmen, despite all the relaxations promoted by Mr. Harold Lever. It may seem *odd* that a man can*not even run a sweet shop with*out being better off taking the advice of an accountant about his tax affairs. But that is the reality.

The Lever measures have done a great deal to relieve the small company sector. But what other areas need to be reformed if small firms are to be really encouraged? Without any hesitation, accountants point to the high level of personal taxation —a problem which is not unique to small businessmen. While the Government *is making it easier* for small businessmen to keep money in their companies and to pass on their businesses within the *family*, it has done nothing so far to relieve the tax burden on the small entrepreneur who wants to pay himself more, or take his money out of the business on retirement.

Measures to help small businesses announced in the budget, including those given advance *notice last October, may be sum*marised as follows:

Income Tax: there will be a new relief allowing the proprietor of a new unincorporated business to carry back trading losses of the first four years to set them off against his income of the three previous years. In other words, *the taxman will pay part of the* cost of starting up any new business which is not incorporated as a company. Taken with the advantageous initial-year *Schedule D rules for new busi*nesses there may well be a short tax holiday here.

Under existing law an individual or member of a partnership can claim relief for a trading loss either against other income of the year of the loss or the following year, or against future profits of the trade. Under the new proposals he will, as an alternative, be able to carry back a trading loss sustained in the first tax year in which he trades, or in any of the next three years, and set it against income of the previous years, including his earnings from employment. The relief will apply to losses *sustained in the tax year 1978-*1979, and later.

Corporation Tax: Here there are two relaxations. Companies with profits below a certain limit pay a specially reduced rate of corporation tax on their income, and there is a corresponding marginal relief for those with profits below a higher limit. These limits, which last year were increased to £40,000 and £65,000, are being *raised to £50,000 and £85,000* respectively for the year to March 31, 1978 and later.

The second charge concerns the exemption limit for apportionment of trading income, which is increased substantially. These so-called "shortfall" rules exist to prevent an individual escaping higher rates of income tax by building up money within a business.

It works like this. If the relevant income of a family company for a particular period exceeds actual distributions, the excess may be apportioned among the members of the company, unless *the directors can prove to the* satisfaction of the Inland Revenue that the excess must be retained to meet the needs of the business. This was not always easy, and the burden was on the company to put up a good case.

The apportionment rules applied where a trading company had trading or estate income of more than £5,000 after corporation tax for a year. *Where this income was between* £5,000 and £15,000 it was abated by 50 per cent. of the difference between the income and £15,000. These figures are to be increased to £25,000 and £75,000 respectively, net of corporation tax, in respect of any accounting period ending *after 26 October* 1977.

In addition, apportionment will take account of loans taken *out for the purchase of the* business, so-called "first business loans." This measure is described as "particularly helpful" by chartered accountants, Dearden and Co., while the *whole corporation tax package* now means that apportionment is no longer a major problem for the typical family company.

Capital Transfer Tax: All the *CTT relaxations were contained* in the Chancellor's October package. This tax is charged at progressive rates on the cumulative total of transfers. The charge on lifetime gifts, if the donor bears the tax is on the gross amount of the gift plus the tax thereon. CTT applies to all chargeable transfers of wealth whether these are made during an individual's lifetime or on his death. In other words it is a combined tax on lifetime gifts and on assets passing on death.

Relaxations

When CTT was first introduced it was designed as a tax at a single rate, but over the years there have been a number of relaxations. One of these *concerned business assets,* where transfers could be reduced by 30 per cent. of their value for CTT. This relief has now been increased to 50 per cent., while a new relief of 20 per cent. has been created for minority shareholdings (majority *shareholdings* are covered by the 50 per cent. relief) in unquoted companies. In addition, the general level at which CTT starts has been raised from £15,000 to £25,000, the previous figure having remained unchanged since the tax was first introduced in 1974. Each band in the scale is similarly raised by £10,000. Contrary to what was stated in October the Finance Bill does *not put any limit on the amount* of business tranfers qualifying for relief.

Capital Gains Tax: the budget contained four CGT *relaxations. There is to be a* new relief from capital gains *tax* when a loan used by a borrower for trading purposes has been irrecoverable, while sums paid by a guarantor of such a loan will qualify in a similar way.

Since budget day, capital gains tax arising on a gift of assets used in a business or of shares in a family trading company will be rolled over to the donee where the donor and donee jointly so agree. In other words no CGT will become payable until there is a disposal outside the family.

Michael Lafferty

The attractions of export finance

SMALLER COMPANIES in the U.K.—which have recently received increasing attention from the Government in an effort to ensure their well being—have long complained about the finance problems they face when *entering or operating in over*seas markets. However, this continues to be countered by *the suggestion that these com*panies do not take full or timely advantage of the facilities which are available to them through the Export Credits Guarantee Department (ECGD), the clearing banks and other sources.

One recent scheme which may be of assistance in this area is the Market Entry Guarantee Scheme (MEGS) launched in January this year *by the British Overseas Trade* Board (BOTB), designed to help small- and medium-sized companies. It will run for two years on an experimental basis and *during this period will provide* some £2m.

Although it is clearly limited in scope, the basis of MEGS is an agreement with a company *to provide 50 per cent. towards* the eligible costs of a venture in return for a levy on sales receipts in the overseas market.

Margin

Eligible costs are broadly the overhead costs of the activity *in the overseas market which* are written off as incurred and can only be recouped by the manufacturer through his profit margin on sales. The investment period, during which contributions are made to the scheme, and the following recovery period during which the levy continues, are set in rela*tion to the rate of the levy*, so that the scheme is expected to recover its contributions with a return on investment of 2.5 per cent. above the clearing banks base rate.

The levy payments stop when this has been achieved and if *sales do not materialise as ex*pected the levy payments stop at the end of the agreed recovery period. For this potential loss to the scheme the company pays an annual premium of 3 per cent. of the potential scheme contributions *during the years when the con*tributions are being received by the company.

There is no limit to the size of the company which may apply but the maximum contribution to any one project is £100,000 spread over a maximum period of five years. There is also a minimum contribution of £20,000 to any one project. Companies will also be expected to show that their proposed venture *is a well planned package and* likely to increase their exports substantially, and that they have the capability to carry through the project.

While this scheme has yet to be fully tested over a period of time, there have already been suggestions that it is likely to be more helpful to medium-*sized companies; that* remains to be seen. It is nevertheless clear that efforts are being made to help smaller concerns.

The main problem for these companies remains their lack of sufficient financial resources to *attempt anything more than a* token effort in overseas markets, which most exporters recognise as a basic mistake due to the accepted need for a concerted *effort*.

Nor are many small companies able to finance the requirements of their customers from their own resources and are therefore forced to fall back on the range of export finance and other facilities which are available to them from various sources.

These include the Department of Trade, which has established a number of Small Firms In*formation Centres*, the BOTB, ECGD, the international divisions of the merchant and clearing *banks*, the various chambers of commerce, the Confederation of British Industry, the Institute of Export, the Institute of Marketing, the Institute of Freight Forwarders, shipping and forwarding companies, the British Export Houses Association, the British Standards Institute and other sources.

Pitfalls

Banks and ECGD, while sympathetic to the problems of small exporters, *continue to urge* the companies concerned to make their approach for assistance at the earliest possible stage, allowing them to offer advice on how to avoid pitfalls.

Both banks and ECGD are keen to help smaller companies, because of the large amount of business they provide. At ECGD, *for example, short-term credit* accounts for some 80 per cent. of its business and it stresses that most of its facilities are open to companies of any size.

The main sources of short-term finance (up to 180 days), which accounts *for the great* majority of British exports, are bank overdrafts, bills of exchange, irrevocable documentary credits, open accounts acceptance *credits* and concessionary finance.

Bank overdrafts are the traditional means of financing exports. It is an uncomplicated system *but can be expensive* and is not always available. The most widely used system is the advance by banks against bills of exchange, which are an unconditional *undertaking by* the buyer either to pay on sight or at some time within 180 days.

Here the exporter can raise money against the bill either by discounting or negotiating the bill. In the first case he sells the bill *to* the bank at a discount for cash and in the latter he will get a cash advance up to *an agreed proportion of the bill*. Either way the bank has recourse to the exporter who is not protected against the buyer's failure to pay.

If it is felt necessary to have greater protection, it is preferable to use an irrevocable documentary letter of credit where an overseas buyer *arranges for his bank to open* letter of credit in London in the exporter's name. Once this has been "accepted," the buyer's bank guarantees to pay the bill and it is negotiable in the money market.

Less used nowadays is the *open account* which transacted in cash with order or straight invoice terms, but as markets have become more diversified, buyers and sellers are less prepared to trust each other with this system.

Acceptance credit is used mainly to finance a steady flow of large-scale business whereby a *British accepting house* (merchant bank) opens an acceptance line of credit in London for a foreign buyer. The deal can then be financed with bills drawn on the *accepting house* and these can readily be discounted to give the exporter his money.

Finally, concessionary finance can be used at attractive rates if an exporter has been an ECGD policy holder for a minimum of *one year. The policy itself is* an assurance to banks and can be assigned to banks as traditional collateral in improving borrowing power.

At least one of these channels is usually open to small exporters, although conditions may change with economic circumstances, and despite complaints by some companies most people concerned with these systems are helpful if not always completely obliging.

Lorne Barlin

Banks try harder to provide capital

THE CLEARING banks are at the centre of the debate over the adequacy of the provision of finance for the smaller company sector. They are substantially the biggest source of finance for the small company, with a long tradition of providing overdraft funds which in many cases have effectively represented long-term capital for the borrower. Because of the spread of their branch networks and the close relationships maintained by managers with local businessmen the banks are, moreover, in a uniquely favourable position to act as advisers and consultants to the small companies in sorting out their financial problems.

Spurred by the Bolton Committee report in 1971, the banks have in the past few years made considerable efforts to improve the facilities they are able to offer. On one hand, the range of services available has been generally extended to include a wider variety of forms of finance such as instalment credit and leasing, and the banks have increased substantially the volume of medium-term finance as opposed to short-term overdrafts they provide to industry. On the other, recognising the need for guidance in the small company sector, the banks have developed an increasingly effective capacity to provide financial advice through formal advisory operations or arrangements to make the appropriate skills available through the local branch.

In spite of these efforts, however, it is recognised that the system is far from perfect. There remain gaps in the ability of the smaller company to gain access both to the right advice and to the kind of finance which is needed. The weaknesses in the system arise in many instances from problems outside the influence of the banks and the financial sector as a whole, notably the impact of taxation policies in reducing the availability of private capital. But the tenor of much of the discussion which has emerged from the Wilson Committee on the financial institutions has suggested that the banks, with their special access to the small businessman, may have to recognise that they will be called on to fill many of the gaps.

The problem was illustrated in oral evidence recently given by the London clearing banks to Wilson. Mr. Anthony Tuke, the chairman of Barclays, acknowledged that "we have not got the full answer yet to the problem." He went on to suggest, without dissent from the other bankers present, that "the money is probably available but I think the banks' systems need to be reviewed, bearing in mind the fact that on the fiscal side these small firms have been fairly hard hit over the years."

The nature of the issue has been fairly clearly defined. To begin with, the banks have to set some sort of limit to the amount of funding they are prepared to provide on the basis of overdraft finance. As Mr. Tuke said, they have in the past sometimes found themselves overlending to a company, and effectively ending up taking the equity risk without having the equity investment. The extent of their involvement is related to the risks concerned and to the appropriate relationship with a borrower's equity base.

Provision

The banks have been able to move some way to meet the difficulty by providing an increasing amount of medium-term finance through their own operations, either in the form of specialised funding such as instalment credit, or directly in the form of medium-term loans. But a gap has been identified in the availability first, of longer term loan capital and secondly, of equity funds to support new businesses or the expansion of existing companies.

Finally, there is clearly still a problem in the attitudes and experience of the small businessmen themselves. They are unavoidably less well equipped than the big company to call on the specialised financial skills needed to deal with the wide variety of financing problems they are likely to meet, and in spite of the efforts of the banks there remains an information problem. And they are often, not unnaturally, unwilling to give up the degree of control over their companies required when outside equity capital has to be brought in and therefore sometimes reluctant to undertake an expansion of their activities.

The banks in their own written evidence to Wilson made the point; "many of the financing problems of smaller businesses are inherent in the attitudes and practices of the businesses themselves and the economic climate in which they operate." For this reason, the clearing banks said, they "would be sceptical of proposals for structural changes in the institutional means of meeting their needs." The basic problems of the high cost and the high risk involved in financing small businesses, the banks added, appeared intractable. *The ideas so far put forward for helping the banks to play a bigger part have been relatively modest and have not been universally welcomed.*

The banks may themselves be able to provide rather more equity finance. This was conceded in the oral evidence to Wilson, when Mr. Tuke developed the idea that the banks' merchant banking subsidiaries could extend their scope to become something closer to industrial banks, providing a medium for injecting equity into the smaller companies. But the banks have been reluctant to undertake substantial equity investment, mainly because of the short-term nature of the bulk of their own resources, and Mr. Tuke admitted that "we are still in some ways groping with this problem."

The one significant positive suggestion which has been put forward is the idea of some form of guarantee for clearing bank lending to the small company sector, possibly on the lines of the Small Business Administration scheme in the U.S. This idea is now being subjected to intensive consideration under the auspices of the Roll Committee, and has been consistently pursued by members of the Wilson Committee in their examination of the financial sector.

The proposal could involve either a Government guarantee to back up bank lending, or possibly some arrangement within the private sector. The clearing banks have, *however*, not been receptive to this suggestion. They evidently feel that the existing institutions, *including particularly* the Finance for Industry group in which the banks are the shareholders, provide as much as can *reasonably be expected in the* way of longer-term support for the small business. And they clearly show concern over any *suggestion that they should be* required to undertake lending which they would not accept on normal commercial criteria *even with an official guarantee.*

Consideration

In their written evidence the London clearing banks said that while the suggestion merited serious consideration, "they *would point out that the* real costs of appraising candidates and of providing the necessary guarantees would be considerable." In oral evidence, Mr. Tuke went rather further; he felt that such a move would be a mistake, and added: "I think the banks must deal with the proper requests from smaller companies for medium-term money on their merits and not seek any form of guarantee."

The banks have been more enthusiastic about the idea of their being able to have recourse to some form of re-financing facility with the Bank of England in order to provide scope for a substantial further expansion of their medium-term lending. At present, the recent rapid growth of this lending is being accommodated within the existing structure of their assets; but it is recognised that at some stage their ability to extend this service further could be limited by their own prudential considerations in relation to their need to maintain certain liquidity ratios.

The Bank of England has itself expressed some reservations about this idea, on the grounds both that it could present administrative problems and that it could be difficult to sustain in periods of credit squeeze. The banks have made it clear that they would not expect any such scheme to be more than a last resort arrangement to cover short-term liquidity difficulties and would not want a permanent arrangement parallel to the refinancing scheme for export finance.

So far, therefore, a number of detailed suggestions have been put forward to improve the *ability of the small company* sector to gain access to the kinds of finance which it wants. It is recognised by the banks *and the authorities that there* may be limitations which cannot be overcome. But the central issue comes back to the distri*bution of the available savings* funds between different types of institution.

Probably the major theme of the evidence submitted by the banks to Wilson has been their argument for a removal of fiscal discrimination in the savings market. The various forms of encouragement offered by the Government apply not only to the building societies, the immediate object of the banks' complaints, but to other institutions such as the life assurance companies and the pension funds. These are the sector of the market which has the long-term funds needed to support industry, and particularly small companies. The issue is how this money can be most efficiently got to the borrower.

Some moves have already been made by banks to tap this source of funds; Midland, for example, has set up Moracrest Investments together with the British Gas Corporation Central Pension Funds and the Prudential Assurance to provide longer term funds and equity capital for small businesses and has arranged to consider joint equity investments with the National Coal Board Pension Funds.

These ideas could provide one approach to bringing together the ability of the banks to maintain close contact with small business customers and the longer-term funds held by the institutional investors. To take full advantage of their special position in the financial markets, however, the banks may have to consider more radical methods of reorganising the channels of finance.

Michael Blanden

Advice for the lessee

LEASING AND HIRE purchase account for a significant proportion of capital finance to-day, with leasing showing particularly strong recent growth at the more expensive, long-term end of the market. Where company directors have decided they need to expand, but are reluctant to dip into reserves or increase their loan or overdraft lines of credit, these two methods of finance are ideal.

Last year the leasing industry attracted £650m. worth of new capital investment in the U.K., a 50 per cent. growth over the previous year (according to the Equipment Leasing Association). The business proportion of hire purchase (or instalment credit) was worth £1,057m. of new business in 1977 (£781m. in 1976, says the Finance Houses Association). The leasing industry is comparatively new to the U.K., only producing serious volume business since the early 1970s, while hire purchase has been with us for substantially longer.

The debate as to which method, leasing or hire purchase, is cheapest in terms of rate is never-ending. Basically the choice is decided by the circumstances of the moment, and these circumstances may involve considerations of cash flow over the whole of the term, and the use of Government allowances by the company concerned.

Difference

The crude difference between leasing and hire purchase is that in leasing, the lessee company does not get ownership of the asset when the lease term is over. In hire purchase (sometimes known as lease purchase), it does. The only reason for this is that the tax allowances associated with the purchase of new capital equipment in the U.K. are available to the leasing company (lessor) alone when pure leasing is involved, and to the client or user alone when hire purchase is involved.

To protect his tax allowances, the lessor may renew a lease to his client for a secondary term, or he may sell the equipment secondhand to a genuine third party. The consolation here is that the lessee will get a rebate of rentals to the tune of 95 per cent. of secondhand price of the asset in question, which may be used for a new lease or hire purchase agreement.

A company's tax position is central to the hire purchase or lease decision. An industrial or service company which has tax-paying profits may defer paying them for one year as a Government reward for buying new capital equipment. But if *it is not in a tax-paying position*, then this reward is not available to it.

The leasing arm of a finance company, however, will have these allowances available, and can let the lessee benefit by reflecting them in reduced rentals. Some leasing companies do not handle small-cost items because of the high overheads involved in administering them, but others are geared up for it.

Frequently, however, for items up to £5,000 hire purchase may be cheaper. Here the client takes the first year allowances, he accepts the risk that corporation tax rates may change, and he may or may not arrange an interest rate variation agreement with the Finance House. Smaller companies on tax bands below the 52 per cent. standard rate may bear in mind that they are still entitled to lease finance reflecting the standard rate, since that is the rate applicable to leasing companies.

Another consideration is VAT. A leasing company will buy an asset from the manufacturer, and the lessee will effectively pay the VAT in instalments. For hire purchase, the finance house will pay the net price plus VAT at the front-end, and normally take the VAT from the customer via rentals or at the front-end—say 8 per cent. Greater deposits may be required, depending on the situation. This is why leasing may have a cash-flow advantage by requiring only the first quarterly rental in advance, but there are no fixed rules.

Motor car lease finance is growing at a rapid rate, some say at the expense of other methods of instalment credit, and this is due to the anomaly that a business gets only 25 per cent. first year tax allowance on a car, but leasing companies get 100 per cent., and the difference is hard to ignore. The relaxing of the Control of Hiring Order in the middle of last year, which meant waiving the 10-month deposits on new vehicles, has been an important factor in the popularity of car leasing.

Regional Development Grants and other Discretionary Grants relating to specific industries may be used in lease or hire purchase finance. In hire purchase grants are taken pro-rata with the rentals, or at the end of the term. Generally, but not always, it is the legal owner of the equipment who takes the grant. So if a leasing company (the legal owner) takes the grant it will use most of it to reduce rentals. Farming groups are not available when leasing due to EEC regulations on usage and ownership, *and with hire purchase are only* available when the term is complete.

There are some accounting *complications here, however.* A Government Grant is not taxable, therefore leasing companies treat them as being "income" worth their value plus the standard rate of corporation tax. Thus a £200 regional development grant is worth, on the books, just over £400 in tax terms. This process is known as "grossing up" a grant.

Research

The choice of hire purchase or leasing companies clearly depends on rates on offer, and possibly smaller companies do not shop around enough when doing their finance research. Hire purchase is possibly easier to understand when it comes to payment (so much down and so much a month in regular rentals). Leasing *quotes* of so-many-pounds-per-thousand may need the help of tables or calculations to convert them into a percentage rate for easier comparison with other borrowing tools. In addition to large, well-known names who can sometimes offer economies of scale, there are a host of smaller banks and finance houses anxious to do business and offer competitive rates. IBOS (the Industrial Bank of Scotland), for instance, operates throughout the country although compared to the clearing banks it may be unknown to many.

Leasing and hire purchase contracts between them offer the smaller company great flexibility. They leave overdrafts and other lines of credit, to a large extent, untouched, and rentals can often be varied to match cash-generation performance of the new equipment in question. Leasing is not by custom treated as a capitalised asset on the books of lessees—this position may change in the future—and may give a better "gearing" profile to a company. But whatever methods of finance are chosen, instalment credit finance in one form or another may well strengthen a company's overall portfolio.

Robert Hawkins

The advantages of a factor

FACTORING IS a financial service specifically aimed at small companies — those with a turnover of up to £1m. There are larger concerns employing a factor, especially on their exporting side, but most of the 1,300 companies which use a factor are small and growing — for factors are particular about their clients and are careful to link their fortunes with secure and expanding companies.

A factor offers three basic services, although *a client* company need not necessarily take them all. For a start it offers a full accountancy service, taking over this side of the business. A client is well advised still to employ someone in this area to link up with the factor but *in the main it* can concentrate on making and marketing a product or service with the confidence that the factor is *making sure that customers* are being billed and are paying up.

Guarantee

Most factors also guarantee their clients against bad debts —if a customer fails to pay up the factor will compensate its client. This particular service is often not as cut-and-dried as it sounds. The factor expects a client to take its advice on the credit-worthiness of customers and in some cases will insist on credit ratings. If the client is determined to supply goods above the factor's limit and there is a bad debt the factor may well refuse to make good the loss. This leads to one of the most widespread criticisms of factors—that they are only willing to take on secure business with reliable customers. They reduce the risks not only to their customers but also to themselves to such a low level that they can restrict the growth of their clients.

Finally a factor will provide a *financial service. It will forward* up to 80 per cent. of the value of the sale factored at the convenience of the client, so that a company *is* assured of a reliable cash flow even in tough economic times when its customers would normally be delaying payment to the last minute. The remaining 20 per cent. is usually passed on when the factor receives the debts. Unfortunately the factor charges an additional payment for the facility — around 2½ per cent. above the general lending rate. Leaving aside this financial help the factor usually charges its client according to the difficulty of the account.

If there are lots of customers paying irregularly in small sums the factor may charge up to 3 per cent. of the turnover handled: for a larger client, with a straightforward business, the fee may be nearer .5 per cent. A company seeking a factor may get different quotes from various sources so it is *worth shopping around*, and of course if the client does not take all the services offered its outgoings will be less.

At the *moment*, with the banks quite happy to lend to companies, it is the service side of factoring rather than its *financial facility which is most* popular. It is mainly in tight economic conditions that companies go to factors for cash *but in such circumstances factors* are very reluctant to get involved with companies that have run into a cash crisis. Even *in good times many* more companies are rejected by factors than apply to them for help. On average this year factors are *forwarding around 40 per cent.* of the cash turnover speedily to clients, although this average is misleading since many companies never want the money while others prefer to get a prompt 80 per cent., and use it to claim discounts from suppliers because they can pay their own bills quickly.

There are eight main factors in the U.K., although three of them are controlled by Lloyds and Scottish. Since the four joint stock banks acquired, or *set up*, factoring operations the service has been much more actively promoted. To-day the dominance of the bank-owned *factors probably* discourages other financial groups from entering what has proved in recent years to be a very profitable and expanding business.

Last year there was a 35 per cent. growth in turnover handled by the factors, to a total of £968m. (although this includes invoice discounting, a closely related field whereby a company discounts its invoices with a specialist firm without the knowledge of its customers). Invoice discounting probably accounts for around £160m. of the total, while £124m. comes from the factoring of exports.

Largest

The biggest factoring operation is the National Westminster subsidiary Credit Factoring, which claims to have factored £330m. of turnover last year. The second largest is International, owned by Lloyds and Scottish, whose turnover is nearer £200m. Both work for *multi-million pound companies*, on exports for one particular subsidiary, but the larger the factor the wider its range of *clients*.

In the early days factors specialised in engineering and textile companies; now they will work for service companies as well. There are advantages in specialisation because many clients in one industry enable a factor *to keep its finger on* the pulse of that sector and get an early warning if a particular customer of one client is suddenly *slow on paying. Other* clients can be quickly alerted.

The intimate knowledge that a factor needs of its clients business deters some companies from employing a factor, especially if that factor is a subsidiary of the company's bank. For this reason factors like H. and H., which is owned by the Heller Corporation of America, sometimes pick up clients who want to keep their banking and factoring services separate. Apart from problems of confidentiality another criticism of factoring is the cost of the facility, especially when factors, to protect themselves as well *as their clients*, remove most of the risks from the credit insurance side of the service.

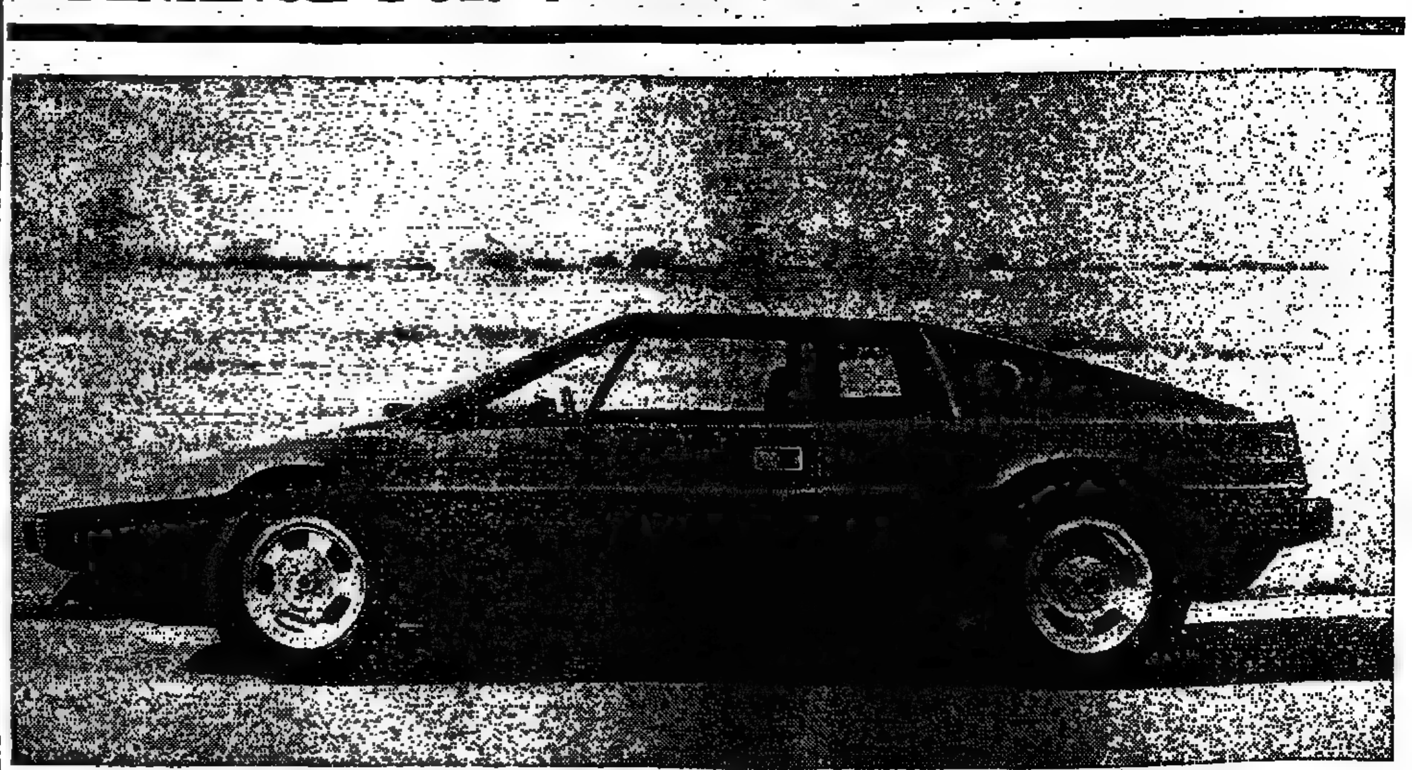
Undoubtedly when a factor has streamlined a client's accounts department on to its computer it can build up attractive profits for itself but it does provide ease of mind, an important asset in the business world to-day. Another area which sometimes gives a company pause about using a factor is the intrusion of the factor between a client and its customers. But in practice customers do not seem to object to the factor chasing them for payments.

No company need be shy of approaching a factor. Those with a turnover of £100,000, or less, may find a home with certain factors. One area where a factor can be particularly useful is in exporting. A factor will handle just the export side of a client's business, which makes exporting as simple as selling in the same city for the client. There are no doubts about the respectability of foreign clients; about currency variations; about foreign *languages. The factor*, through its overseas contacts, shoulders the burden.

It can also offer its client leads and its overseas factoring associate may sometimes offer office facilities if the client feels the need to visit its export markets. The cost of using a factor for exporting need not be much higher than for domestic aid, although once again h[illegible] built-in caution might mean that a company misses a big speculative contract.

Factors only expect to work with companies in the early stages of their growth. Usually at a certain sales level the client feels the need for its own accounts department. It is always advisable for the client to maintain an interest in the financial side and to avoid getting too dependent on the factor. But for assistance which enables a company to get on with the job without money worries the factor is often an invaluable support for the expanding business.

Antony Thorncroft



Lotus Cars' delightful Esprit coupe—one of a range of new models in Lotus' expansion programme which was saved by a £2m. cash injection from Amex Bank.

On this and the next page is a selection of profiles by Financial Times writers of some of the companies and financial institutions which make finance available to smaller companies for capital and development projects.

The lenders

Charterhouse Group

THE CHARTERHOUSE GROUP likes to feel that while it is not the biggest provider of finance for small companies it was the first to come to their aid. Shortly after the Macmillan *Report of 1931 identified* the difficulties small companies were having finding finance, the Charterhouse Industrial Development Company was set up by Sir Nutcombe Hume.

Its declared aim was to provide development capital for companies too small for public flotation, and it has been doing just that ever since. It has invested in more than 160 companies since the 1930s and currently has investments in some 60 companies in the U.K. and Europe. "Charterhouse backs good management" is the company slogan and the emphasis is very much on providing development, as opposed to venture, capital. Charterhouse shies away from investing in "start-up" operations and likes to help companies which have a proven track record.

A couple of years ago it set up Charterhouse Development Capital in partnership with a group of a dozen or so big pension funds and insurance companies such as British Rail pension fund, the Prudential, Pearl and Standard Life. Charterhouse owns 47 per cent. of the capital and this is the vehicle through which all its new U.K. investments are made.

Of the £7.5m. initial capital, about £4m. has already been put into 10 investments and the group will probably be fully invested by 1979 at which time it will be seeking extra capital. In the past, Charterhouse's objective was to liquidate its investment in five to seven years, when the company concerned went public. However, there is far less enthusiasm for small company flotations these days and Charterhouse and its institutional partners now see themselves very much as long term investors. As long as their investment earns a net return of 8-10 per cent. and offers *the prospect of future growth* they are happy.

Charterhouse Development Capital primarily provides equity capital although it occasionally puts up unsecured loan stock. As it is only prepare to invest a maximum 10 pe cent. of its capital in any on situation it often teams up wit its shareholders such as Britis Rail pension fund in a con sortium when larger amount are required. As a rule of thum it likes to invest in companie earning over £50,000 pre-ta profits per annum and normall likes to put up a *minimum o* £100,000. It operates on th basis that it will acquir 10-40 per cent. of the equit It does not want majority co trol although it normally lik the right to appoint one of h own men to the Board. Apa from the extra finance, an ind pendent outside director can b a useful asset for a sma company.

Many of Charterhouse's clien are recommended to them b professional advisers such a accountants and solicitors. Ho ever, companies can approa them out of the blue. If the send a brief description of the business, details of their la accounts, principal shareholder sales and profits forecasts f *the current year, Charterhou* promise to give an answer "no or "maybe" within a few da of receiving the initial inform tion. If "maybe" the inves gation takes another four wee after which a formal offer wou probably be made. Only aft an offer has been accepted do the company incur any prof sional costs.

William Ha

Small Business Capital Fund

"WE'RE AN UNUSUAL beast," says Hugh Armstrong, managing director of Development Capital, which operates two funds set up to finance small businesses and pick potential winners from among the highly individual breed of men who run them.

The *funds themselves*, Small Business Capital Fund (SBCF) and Development Capital Investments (DCI), are backed by the Co-operative Insurance Society and Electra Investment Trust respectively. SBCF, formed in 1969, is CIS's venture capital arm, dealing with the juniors in the corporate world, whereas DCI, which only dates back to 1975, is aimed at growing or fully-grown companies.

The link between the two, Mr. Armstrong's "unusual beast," has no financial tie-up with either CIS or Electra. It is owned by its eight directors, all of whom have wide-ranging experience in the private business field. The only qualified accountant on the board of the DC *management company* is Mr. Armstrong himself, "and it's a long time since I did an audit." The board's average age is less than 50.

It is this combination of actual business experience and relative youth, believes Mr. Armstrong, which makes both SBCF and DCI well qualified to seek out those small businessmen worth backing.

The two funds are complementary, and it is hoped that once *DCI has become* well established after a few more years, it will be able to look after companies initially taken under the SBCF wing. SBCF looks for operations with an annual pre-tax profit potential of around £200,000 within five years from the date of investment. It usually lends for three to eight years, but is ready to consider shorter periods.

Advance

This fund is prepared to lend sums ranging from around £75,000 to £400,000 after a topping up instalment about a year after the initial advance. Its stated objective is long-term capital growth, with the chosen company receiving the funds in the form of a *mixture* of equity and unsecured subordinated loan capital. SBCF does not take dividends and interest on loan capital, at 2 per cent. over bank base lending rate, is rolled over until the company can afford to pay.

What sort of ventures is SBCF in the market for? About half of its investments are in newly-founded companies, and it looks for management with a proven record in their own field. If there is a product, it must be fully developed and ready to put into production. The fund steers well away from property and property development, other "taboo" areas being hotels, garages, cars, aeroplanes and new inventions. SBCF is also keen on product areas that look best able to withstand recessionary chills or with obvious export potential.

The Electra-financed DCI, being much newer to the corporate finance game, has not yet had time to make much of an impression. "It takes probably three years for any financial institution, which is relatively independent, to make an impact," Mr. Armstrong feels. So far, the fund has only invested in one company, though it has investigated a 100 or so. It has two or three more in mind for the next few months.

DCI's criteria cover well-established companies with pre-tax earnings of £100,000 or close to this level, which need a *minimum* of £200,000-£250,000 and represent a lesser risk than investments considered by SBCF. With syndication, £2m. or more can be provided. On top of this, there is the gearing element, with SBCF or DCI help often making extra bank or leasing finance available to many small or medium companies.

Andrew Fisher

National Coal Board

AT FIRST SIGHT the Natio Coal Board's pension fund is improbable source in finance smaller industrial compani But *in fact*, the Board has l the field in this activity and the nationalised pension fun It set up its industrial equ scheme in 1973, and, after shaky start, the fund n channels £1.5m. a *month* i new industrial equity.

At the outset, an expens advertising campaign in national Press failed to ov come firms' reluctance to co within the shadow of a nati alised industry. It has taken f years to convince sm businesses that the pension f does indeed stand apart from parent, *and even now the mo* available for equity partic tion far exceeds calls upon i

The fund has allocated u 15 per cent. of its £250m. a y cash flow for equity finance, has its trustees' permission divert further funds from allocation for fixed-inte investments if the demand sufficient. In theory, theref the Board could spend up £50m. a year on aid to b nesses ranging in size f £7½m. to £20m.

The scheme is operated conjunction with four merch banks and one clearer, Midland. The merchant ba Kleinwort Benson, Hamb Singer Friedlander and W burgs, help to direct firm the Board and help in "after-care" monitoring of fund's investments.

The fund has no hard fast rules about equity opposed *to* direct loan ca although it has tended to pr a share stake in compa ranging from 5 up to ove per cent. The smallest eq and loan stake in its £20m. folio so far is £250,000, an is happy to consider approa from service industry as we *manufacturing firms.*

John Brem

EDITH and Safeguard

ENCOURAGING DIRECT investment in small companies is all very fine—but it is like pushing on a piece of string if the entrepreneur cannot get his capital out again without suffering penal taxes and losing control of the business. A few years ago, a listing on the Stock Exchange was the logical goal of the successful small business. Today, other solutions are being sought.

This is one reason for the record new business figures announced in the past few days by EDITH, Estates Duties Investment Trust. EDITH, a quoted investment trust managed by the Industrial and Commercial Finance Corporation, exists to enable shareholders in private companies to realise part of their capital without losing their independence. And it is increasingly making investments in the sort of company which in the old days would have gone to the stock market.

As a very rough rule of thumb, it looks at companies making profits of between £30,000 and £300,000 a year and is prepared to put up the equivalent of one year's profits. But businesses making well over £1m. a year are now coming its way, and share purchases are being syndicated with other investment houses if they are too big for EDITH to swallow alone.

The passage of last year's Finance Act has made an important difference to the services it can offer. This dropped the threshold on which roll-over relief for Capital Gains Tax can be obtained when selling an unlisted company from 50 to 25 per cent. of the outstanding equity. On principle EDITH never buys a controlling stake in a company, so only now is it able to offer its own equity in exchange for shares in a private concern—and thereby enable the vendors to defer their tax liability.

One sizeable deal has already been completed *along these* lines. Two more are at an advanced stage of negotiation, and several others are in the pipeline.

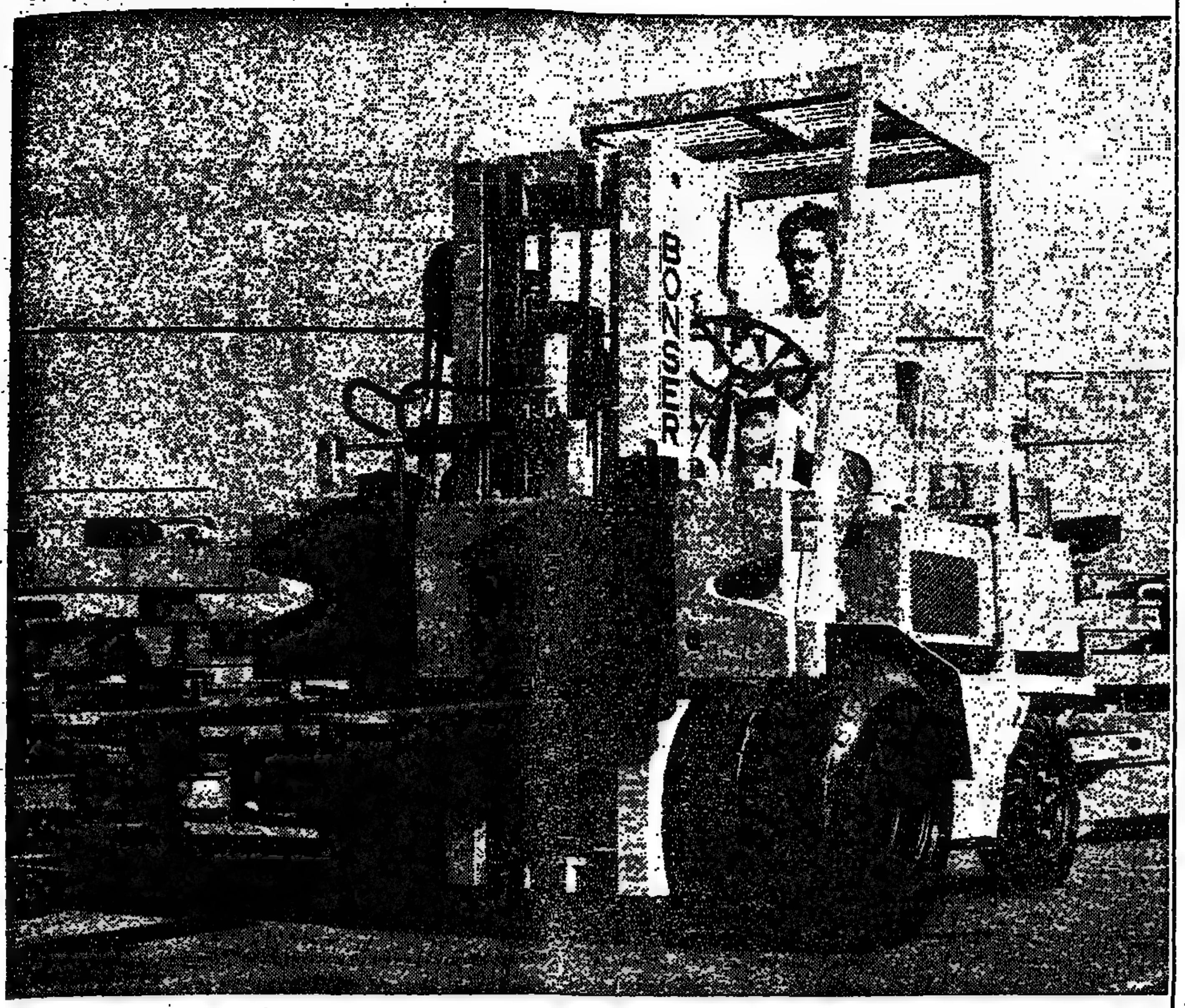
EDITH is prepared to hold on indefinitely as a minority shareholder, *without seeking to interfere* with the running of the business. Its prime requirement, therefore, is a high running yield, and its investments tend to take the form of preferred shares, convertible preferred, ordinary, or some kind of mixture on these lines.

Safeguard Industrial Investments is another quoted investment trust which was set up at the same time and with broadly similar objectives as EDITH. However it is also looking for companies into which it can inject new money and nurse along to a public flotation—and it has found that new business has been hard to come by in recent years. Indeed only about a sixth of its investments at the last count was made up of unlisted companies.

Managed by London and Yorkshire Trust, Safeguard numbers among its major shareholders 13 large insurance companies and one of the clearing banks. Its investments tend to range from £30,000 to £200,000 and its prefers not to have voting control. Like EDITH, it finds convertible preferred stock an attractive way into private companies. Boardroom representation is not a necessary requirement.

Richard Lambert

FINANCE FOR SMALLER COMPANIES VII



Leasing or hire-purchase will ease the strain on other lines of credit, and may be used for most kinds of industrial plant and equipment—but not property.

Abingworth

ABINGWORTH entered the business of financing small companies at the beginning of 1974. It was founded by two of its current directors, Anthony Montagu and Peter Dicks, with the backing of a list of blue chip institutions in Britain and in Europe including Barclays Bank, Willis Faber and Equity and Law.

The company's basic aim is to infuse between £50,000 and £400,000 of equity capital into existing private companies under sound management. Each investment would normally leave Abingworth with a minority stake in such a company. Abingworth tends to invest by means of an equity instrument—say a convertible loan stock—which gives some running return. It likes to have one director on the Board of the companies in which it becomes involved.

Normally an investment would be completed by about two to three months after the initial contact. Peter Dicks explains that Abingworth likes to take things slowly so that Abingworth and the potential investment can build up some mutual *understanding and trust.* The appointment of the director then becomes a logical development of this association: "Abingworth's presence should be welcome for reasons other than merely the provision of finance."

Abingworth does not rule out start-up investment, but in such cases it is only interested in entrepreneurs who have an established management record. In a start-up situation the entrepreneur would be expected to contribute sufficient capital to give himself a substantial com*mitment to the success of the* business. Obviously the appropriate contribution would vary from person to person and from scheme to scheme. Abingworth has made only one start-up investment to date.

Since starting business Abingworth has invested in six companies in the U.K. and has disposed of one of these investments. It has also invested in three small public companies—without Board representation. *Because it has international* backers Abingworth has also been able to invest in the U.S. It now has stakes in eight companies there, mainly in the technology and energy-related fields. It stresses that it takes a medium to long-term view of its investments and explains that while it likes some running return by way of interest or dividends and directors' fees to cover running costs, the eventual release of capital apprecia*tion remains its paramount aim.*

Nicholas Colchester

Moracrest

AMONG THOSE to have come to the conclusion that the changing problems of the small companies require a change in the solutions offered has been one of the clearing banks, Midland. Just over a year ago Midland, in conjunction with Prudential Assurance and British Gas Central Pension Funds, set up a company with the specific object of providing the equity capital for lack of which private concerns (and *small public companies*) are often handicapped in their attempts to expand.

The new company, Moracrest, operates under the chairmanship of Mr. Jack Smith of British Gas, and under the wing of one of Midland's general managers, Mr. D. W. C. Kitching. Initially at least it is a fairly small-scale affair. The three partners have agreed to subscribe up to £15m., which is to be used to purchase equity stakes of between 10 and 40 per cent. Moracrest quite specifically does not want to take majority stakes. But it does want a non-executive director on the Board of its companies, *whose function it is to give the* Boards of those companies access to financial expertise from which they might otherwise be isolated.

The companies in which Moracrest aims to invest are most likely to be family concerns with room for expansion, but with an equity base now inadequate to sustain the borrowings necessary to finance that expansion. Moracrest's directors will also consider the purchase of existing shareholdings, where directors are planning to retire or wish to arrange their affairs for the purpose of Capital Transfer Tax.

So far, the investments which Moracrest have made have belonged, in roughly equal proportions, to each category. It took around six months to set up the company and its management; and the processing of individual investments takes another five or six months. So it is only very recently that Moracrest has started to put *money into companies. So far,* however, "several" investments have been made, absorbing some £1.5m. On the *strength of their experience so far the directors* are convinced that "there is a market there for this sort of investment," but "it is early days yet."

Moracrest invests for the longer term—five years plus. It will put up to £500,000 into any one operation. For its money Moracrest expects a relatively high and growing level of dividend income. At the moment it is looking for a return of nine to 10 per cent. after tax—effectively a gross yield of over 15 per cent. This is obviously considerably higher than the yield which most public companies would have to offer in order to raise money. Indeed all the companies in which investment has been made so far have been private concerns.

Investment decisions are made by the whole Board. But some of the preliminary work tends to be done by Midland Bank's short-to-medium-term-venture capital arm, Midland Montagu, and most of the clients so far have come in by way of Midland Bank's branch network. The "several", investments made so far have been a distillation from around 100 applicants for funds, of which a good many, according to the bank, have been non-starters or barely starters.

This is the first time that either the Prudential or British Gas Central Pension Funds have ventured into the field of low capitalisation companies. Normally they will not consider putting their money into anything with a capitalisation of under £10m. They are looking for advantages in terms of a high return on their investments, while for Midland there are additional advantages to be gained from restoration of the equity base of the companies to which the bank lends money.

Adrienne Gleeson

Midland Montagu

MIDLAND MONTAGU Industrial Finance, a wholly owned subsidiary of the Midland Bank, has been in the venture capital business for a decade. It has a *portfolio of twenty investments* representing what it describes as rather catholic tastes.

But inevitably those companies which attract Midland *Montagu funds are those which* fall into the categories of retailing, wholesaling or manufactur*ing. Companies which are essen*tially "people" businesses, such as management consultants, where the assets move up and down the lift shaft at the beginning and end of each day do not attract these funds.

Property companies are also viewed as unattractive since the sums required for investment can be large and the returns smaller than the above average managed small industrial concern.

Introductions of prospective borrowers are effected by the 3,000 or so branch managers of the Midland Bank. Some introductions come through accountants and solicitors.

The minimum investment is £100,000 which Midland Montagu prefers to inject in the *form of equity* rather than loans, providing it does not give the Midland a controlling stake.

However, if the situation is small and the amount of capital required is large, large enough in fact to take Midland's equity stake to a controlling interest, then Midland will top up its equity interest through a loan. But the split between equity and loan capital is not more than 50/50.

Loans have to be repaid within a seven-year period and are charged at the bank's base rate plus 4 per cent. A Board seat is required, and Midland provides *one of its own staff* with an industrial or commercial background. Midland Montagu does subsequently invest in the company where it has a shareholding.

Those companies seeking funds have to show pre-tax profits of over £50,000. The eventual aim of Midland is to see its investment either publicly floated or involved in a trade sale through a merger. But companies unlikely to fulfil these aims *in the medium term are referred to a parallel com*pany, Midland Industrial Investments, now just two years old, *which specialises in the longer*-term investment.

For high-technology ventures Midland has to process the application through a finer sieve. This can involve bringing in bodies such as the National Research Development Council, which would provide finance at perhaps the prototype stage, while Midland would provide other funds. Two of its twenty investments are high-technology ventures and involve this type of syndicated lending.

John Moore

Gresham Trust

GRESHAM TRUST moved into the field of venture capital or the provision of finance for small developing companies around 1961. The successful development of these activities has been such that it now represents by far the lion's share of the bank's revenue.

In the last annual report unquoted investments stood at £3.29m., some £500,000 lower than the previous year because of realisations, which compared with £5.27m. of quoted investments—although about £2m. of this was held for dealing purposes and as such only brought in a minimum level of income. But gross revenue before tax on the unquoted investments was £464,000 against £382,000 from the quoted *portfolio.*

Gresham's investment in these smaller companies can be of the order of £50,000 to £500,000, but anything over £250,000 would only be made in exceptional cases. The average figure is probably just over £100,000 but this is getting progressively higher. Finances are provided from internal sources, while there is a loan capital of some £2.25m.

Finance for smaller companies is naturally very topical at the moment and Gresham is receiving a number of inquiries. These originate from professional advisers such as lawyers and accountants, mainly in the provinces, from advertising and finally by recommendation.

The bulk of the companies which come to Gresham for long-term capital tend to be under-capitalised. So invariably the investment takes the form of an equity stake. But in some cases medium to long-term loan capital would be provided which might or might not be convertible into equity, or even a combination of both.

An investment is never taken by Gresham that does not give an immediately attractive yield. At the moment the *minimum* yield accepted is about 9 per cent., but this naturally fluctuates along with market conditions. No set date for realisation is ever made on investments, and the only major requirement of Gresham would seem to be the right to appoint a director.

While no date is set for realisation this is naturally a highly profitable exercise for the bank. Public flotations such as Tartan Arrow or Marshall Cavendish or acquisitions on the lines of Ebor Unit Trust (taken over by Save and Prosper) or J. and A. Stewart plant (Hewden Stuart) have a marked impact on the profit and loss account; the profits record emphasises this point. These more than offset the element of bad debt that is inevitably incurred.

David Wright

Meeting the basic need

THE REVIVAL of the small company is not just a gleam in the eyes of politicians: venture capital specialists in the City report that there has been a marked increase in the demands for funds by small businesses. The largest specialist in small company finance, Industrial and Commercial Finance Corporation, reports in fact that investment is running at roughly twice the rate it was a year ago.

Partly this may reflect a general recovery of confidence, with sentiment improved by the much lower interest rates and inflation rates which have been achieved in recent months. It may also be the case that small businesses are being encouraged by the signs of more favourable treatment by the politicians. At any rate, proprietors of small companies are now increasingly willing to consider plans for expansion, and this naturally brings them more frequently to the doors of the institutions which are geared to long term investment in small businesses.

Some of these have a long history. Charterhouse Group, for example, goes back to 1934, and for a number of years has had around £10m. invested in what it describes as development situations. The group's policy is always to take a minority equity stake, the preferred size of the investment being in the £50,000 to £750,000 range.

Charterhouse must be satisfied that the business is capable of paying reasonable dividends. It seeks to manage its portfolio of small company investments by appointing a nominee director to each Board. These directors are full-time staff members, usually managers recruited from industry.

There are also some very new operators in this small company field. Thus it is only just over a year since Moracrest Investments, a £15m. joint venture of the British Gas pension funds, Midland Bank and Prudential Assurance, was launched with a modest fanfare of trumpets. Apparently the going was slow at first, but the momentum has picked up more recently.

Moracrest is aimed at sizeable companies with profits of more than £100,000 pre-tax. Investments of up to £500,000 are envisaged, representing minority equity stakes of 10 to 40 per cent.

At this level, it marks what could be described as the top of a range of Midland Bank vehicles for small company investment. Rather smaller propositions in the £50,000 to £250,000 bracket are considered by Midland Montagu Industrial Finance, originally a merchant banking nursery for potential flotations which now operates more flexibly. Further still down the size scale comes Midland Industrial Investments, which will consider investments as low as £50,000.

Confidential

The scale of activity of Moracrest is for the moment being kept confidential. Companies, in fact, sometimes ask for the relationship to be kept a private matter. But Moracrest says it has made a number of investments of quality and calibre, and is well pleased with them.

Approaches come both through the Midland Bank branch network and through independent professional advisers to the companies, such as accountants. As for the future relationship with client companies, Moracrest, like Charterhouse, like to appoint a nominee director; sometimes these Board representatives are supplied by the Prudential or the Gas pension funds.

Another specialist in the field of development capital is Gresham Trust, which offers funds in the form either of share or loan capital. Elsewhere, County Bank — an offshoot of the National Westminster Bank—is active in this field.

And a rather surprising new entry has been made by the National Enterprise Board, which has made a number of investments in quite small companies, as well as getting involved with troubled giants like British Leyland and Alfred Herbert. According to its evidence to the Wilson Committee the NEB is less concerned with size or profitability at the outset than with future potential. Whatever the starting point the NEB looks for the potential to raise a company's turnover to several million pounds within three to five years.

The dominant force in the venture capital field remains, however, ICFC, which via its parent Finance for Industry is owned by the clearing banks and the Bank of England. It has over 2,000 customers and operates over a very wide size range. Even a £5,000 loan is not so small that ICFC turns up its nose, but at the other extreme the customers come as big as British Caledonian.

In general terms an ICFC investment can go as large as £2m. before it finds itself trespassing on the territory of its fellow subsidiary within FFI, Finance Corporation for Industry. To give an idea of a more typical size bracket, however, half of the total number of ICFC investments last year were under £50,000 and three-quarters were under £100,000.

Sheer spread and diversity lies behind much of ICFC's dominance. It pulls in business through 18 regional offices, and has a specialised high technology subsidiary called Technical Development Capital. Investment may take the form of longish term (seven-20 years) fixed rate loans, equity, or some tailor-made variant such as Convertible Preference.

Capital

Moreover, in small company investment ICFC differentiates clearly between the investment market — covering companies seeking new capital—and the purchase market — embracing existing shares for which holders are trying to find buyers, often because tax bills need to be met. With the latter problem in view ICFC manages, and has a 42 per cent. stake in, Estate Duties Investment Trust (EDITH) which is listed on the stock market.

The amount of new investment by ICFC—in shares and loans—during 1976-77 was £26.8m., and although the figures for the year ended last month are not yet available, it seems likely that around £50m. was involved. What can be stated accurately is that £89m. was offered to 838 businesses during the year, though not all of this was taken up.

The emphasis at ICFC is very much on the long term, and this is an approach which is having to be followed more and more by some of its competitors. In the 1960s a number of merchant banks came into the venture capital field encouraged by the prospect of large capital realisations. These could be made by developing small companies to the point at which they were capable of being floated on the Stock Exchange.

But the weakness of the stock market, particularly in the case of shares of small companies, together with tax pressures on proprietors, has almost cut off this route to quick gains.

For Charterhouse, for instance, original policy was to look for a capital gain after a period of something like seven years, this being the main benefit from the investment. Now Charterhouse accepts that it may have to hold its investments for an indefinite period, and it relies more on annual yields than on prospective realisation gains (though some of these may still be achieved, mainly through trade sale or merger).

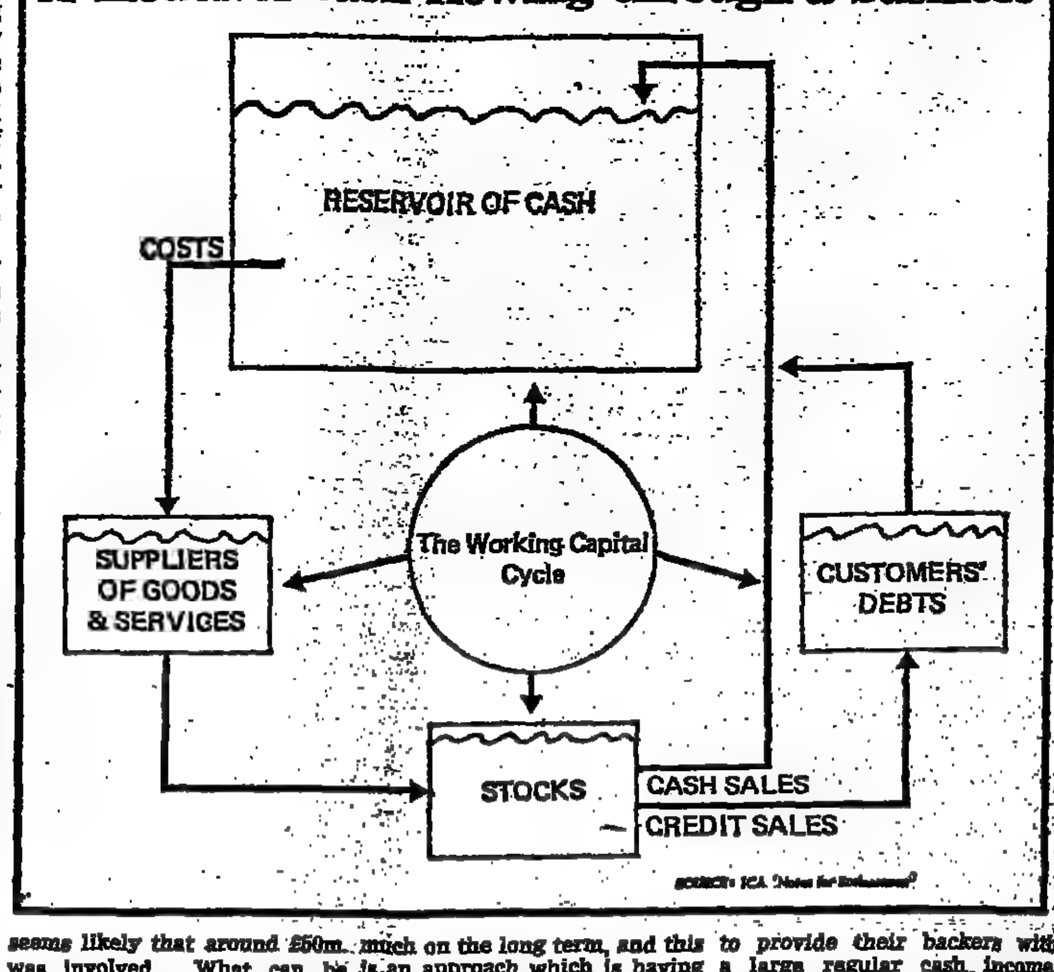
Entrepreneurs seeking new capital from various City sources are therefore less in danger of being pressurised into floating their companies, but may have to provide their backers with a large regular cash income. Some venture capital specialists insist upon Board representation, but ICFC is much less keen than most upon this feature: the group never puts an ICFC man on to a Board, and only in 4 per cent. of cases is a nominee appointed.

The current revival in demand from small companies has ended a period of general depression in the venture capital sector. But there is a good deal of nervous talk about what the Wilson Committee may recommend. There is concern that the bulging institutional coffers might be tapped to direct huge funds into small company finance, undermining the present commercial framework.

The major existing institutional vehicle, Equity Capital for Industry, is rather outside the size range being discussed here—it deals, by and large, with fairly substantial quoted companies. But already the institutions are nibbling through intermediaries like Moracrest, and they may come under political pressure to provide development capital on a much more extensive scale.

Barry Riley

A model of cash flowing through a business



SOURCE: ICA "Notes for Businessmen"

Looking to efficient financial control

MANY SMALL businesses, and not a few large ones, fail through poor financial control. There is a whole variety of reasons why things go wrong. A firm may not have paid enough attention to managing its own money, it may have lacked useful budgets, failed to control costs, it may not have been setting its prices right, or it may even have failed to keep records giving a check on what it had achieved.

Apart from all this, there is the problem of taxation.

More often than not, the small businessman will have to go to his bank manager for money. The first question he will be asked is whether he has any accounts to show how well he has been trading, as well as cash flow statements indicating expected progress over the next year at least. It is often at this stage that the businessmen will be advised to get himself an accountant, and probably given the name of a local firm known to the bank manager.

Having access to an accountant is very important since most businessmen will need financial advice at regular intervals—be it a case of deciding whether and how to buy a new piece of equipment, or just tendering for a new contract. Nevertheless, many small firms use accountants solely or mainly to deal with all the financial paperwork they are required to provide for external users — VAT returns, annual accounts for the Registrar of Companies, or PAYE data for the Inland Revenue.

All of this is part and parcel of running a firm, but it is of little use to the businessman in managing his own business affairs. To be really worthwhile, the accounting firm he employs should take an active interest in his business by helping in preparing budgets and forward plans, going with him to his bank when he needs more money, and providing him with all-round financial advice in both his business and family affairs. Having had another bill from his accountant, the attitude of many a small entrepreneur may be that this is all very well in theory, but rather too costly to operate in practice.

Assistance

Needless to say, no accountant would agree, believing, like Mr. Derek Slade, chairman of the English Institute of Chartered Accountants' Small Practitioners' Advisory Committee, that "the accountant who is doing his job properly is worth his weight in gold." According to Mr. Slade, no accountant should just turn up at his client once a year to prepare the annual accounts, not to be seen for another year. He sees a lot of evidence that the accountant and his client are getting together much more than in the past and, for instance, going to see the bank manager together.

One indication of the importance which the English Institute of Chartered Accountants attaches to this area was provided last year when it published a series of short booklets dealing with the financial problems faced by small business firms with the general title "Notes for Businessmen."

The series deals with various aspects of management accounting and is intended for distribution by chartered accountants to their clients in small firms. The object is not "do-it-yourself" accounting but a description of specific financial problems of the smaller firm for which accounting offers solutions. The booklets set out to explain these issues in general terms for the layman and to point out the areas in which he might consult expert accounting advice. According to the Institute, the booklets should go some way towards meeting a need emphasised in the Bolton Report, which looks to the accountant to play an active role in "those vital areas of management in which small businesses are weakest—costing, estimating, budgeting, and financial control. Topics covered include: "Managing the Firm's Money," "Preparing Budgets," "Controlling Costs," "Spending on Capital Equipment," "Setting Prices," and "Keeping the Records and Checking a Firm's Performance."

Each booklet begins with the reminder that although annual accounts are necessary for controlling a business, they are not enough for efficient business management. It says: "Increasing your profitability means asking yourself continuously such questions as:

* which of my products are making profits and which are making losses?
* is there too much cash tied up in stocks and debtors?
* will it pay me to buy a new machine?
* if I expand the turnover, how much additional money will I need to finance it?
* what is the level of turnover I need to start making profits?"

Not surprisingly, in view of recent inflation levels, the series places most emphasis on cash control. "In simple terms that means knowing that you will always have the cash available to pay the bills when they are due. To achieve this objective, you will need to make a forecast for the periods ahead, showing when you expect to receive money from your customers and when you will have to pay money to your employees and suppliers."

Recent causes of business failure are quoted to emphasise the point that a cash flow forecast is one of the essential tools of management: "It is likely that a failed business will not have responded adequately to change. Very often a big project has been taken on which has proved unmanageable, and the firm has tried to operate at a level of activity well beyond its means. Looked at from an accounting viewpoint, the level of borrowing in the case of failed companies is often so high that interest payments, even at normal activity, present a threat to the survival of the business.

Inadequate

"Often accounting information is inadequate. In particular you frequently find a complete absence of forecasts of the cash likely to flow into and out of the business. Even where these do exist, they have not been regularly revised, with the result that a cash crisis has arrived unexpectedly. In financial terms the business is under-capitalised and has over-traded; is over-geared and has failed to produce adequate cash flow forecasts."

Needless to say, the one man who can help with all these nasty problems is the friendly local chartered accountant!

Of the other booklets, perhaps that which covers budget preparation will be of most general interest. And what are budgets? Simply plans expressed in money terms. They can cover specific aspects of the business, such as sales; or they can be more comprehensive, such as covering all aspects of profit and loss. Budgets always cover a specific period of time ahead. This is usually one year, but obviously the period can vary depending on the type of business.

A complete set of budgets, according to the ICA booklet, would involve the businessman deciding on:

1. The value of the products and service he is going to sell—a sales budget.
2. The cost of the resources he is going to use—a costs budget.
3. The profit he is aiming to achieve—a profit budget.
4. The money he expects to receive and pay and the balance he expects in the bank—in credit or overdraft—a cash budget.
5. The facilities and other assets he needs to own—an assets budget.
6. The means by which he intends to finance these assets—a sources of finance budget.

* "Notes for Business" are obtainable free from The Institute of Chartered Accountants in England and Wales, Chartered Accountants' Hall, Moorgate Place, London EC2P 2BJ.

Michael Lafferty

Limelight

CONTINUED FROM PAGE 1

reservations about it in Britain where Ministers fear it could simply lead to the Government being saddled with the banks bad debts.

So in many ways the debate about how to revive Britain's small firms is only just starting although for political reasons some rapid answers are being demanded. Mr. Lever hopes that his work will be continued by whatever party wins the next general election, and there seems little doubt that his wish will be granted because both the Conservative and Liberal Parties have special policies for small firms—indeed the present Government's initiative owes something to the Lib-Lab pact. But some fairly basic questions about the relative roles of the individual investor and entrepreneur, the institutional investor, and intervention by the State, have to be answered before positive progress will be made.

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ECONOMIC VIEWPOINT

What is missing from the summit agenda

HE APPROACH of a probable
eral election is always likely
provoke displays of interna-
al statesmanship, and it is
altogether easy to know how
ously to take the portentous
-up which some members
the Cabinet have given to
coming economic summit.
Prime Minister toned things
n more than a little in the
se of his joint Press con-
nce with Chancellor
midt: a failure at the sum-
might be a disaster, but a
ess would only be a first
However, some Ministers
the impression that they
victims of their own pro-
nda, and really believe that
reform of international
nomic relations could magic-
remove all the frustrations
suffer.
only the Americans would
their balance of payments
: if only exchange rates
ld stop being so volatile; if
we could get a programme
co-ordinated growth; if only
inessmen would respond to
these goodies by investing
. . . Mr. Callaghan sum-
up the whole line of argu-
t more neatly than he per-
intended when he talked
confidence as the key issue,
h enthusiastic support from
Chancellor.
Whenever policy-makers or
nomists talk of confidence or
ectations, it is time to be
picious. The talk tends to
an that they cannot convinc-
explain how the measures
propose will produce the
ults they desire, but that if
the City or the business
munity would take their
for it, the whole pro-
mme would work like magic.
here is no reason, of course,
decry the importance of con-
ence. The remarkable performance of the U.S. economy until recently is quite largely based on confidence, due perhaps to the forward-looking American view of the world, and the refusal to admit the existence of such awkward bogeys as an energy crisis, which the leaders of other countries have been so ready to plore. Now that the U.S. has finally been convinced that there is something of a dollar crisis, with disturbing implications for inflation, and that perhaps the energy crisis also deserves attention, internal confidence—certainly as measured by consumer surveys—has evaporated. However, this is not only highly unfortunate for the U.S., and for everyone else dependent on that vast market, but it suggests a lesson for Mr. Callaghan. Talking of crises and summits is hardly the best way to engender confidence. It is better to talk hard specifics.

Objectives

The specifics proposed for this week-end are far from hard at this stage. But the main objectives are clear enough—clear enough certainly to pose the question whether they are the right objectives, and what would be changed if they were achieved.

The British approach to growth through internationally co-ordinated fiscal policy has been a persistent theme ever since the oil price rise in 1973, and is generally supported by the OECD secretariat. In its first form it proposed a duty of expansion on those countries with a strong balance of payments; more recently the theory of a co-ordinated "convoy" or "narrow path" growth has taken over.

This approach has consistently been presented as an answer to the special circumstances which have bedevilled the world since 1973. However, this is really a false bill of goods. It is in fact an attempt to internationalise what has been a British obsession ever since the war—the idea that the balance of payments is the main or the only constraint on growth.

The logic is simple enough. Since the war (except in the last year or so) the growth of international trade has been much faster than the growth of output; the result is that divergent growth rates of demand have a far bigger effect on the balance of payments than they used to have, because in every country demand has a higher import content and industry is more export-dependent than it used to be. The results of getting cyclically out of step have tended to become unmanageable.

The idea that the best way to solve this problem, which used to be known in the annual reports of the International Monetary Fund as the problem of cyclical divergence, is to make the cycles converge is an old one. The IMF habitually punished countries which got into deficit by expanding out of turn by making them deflate. The result was that by 1973 these policies had actually achieved the desired result: cyclical convergence.

The fact that the remedy proved a good deal worse than the disease should surprise no-one who has analysed the problem; for the "bad" balance of payments which results from over-stimulating demand in one country is a very helpful result. In the country which has made a mistake on the expansionary side (and if there is one clear lesson of the post-war experience, it is that fiscal mistakes are inevitable), imports can satisfy excess demand without inflation. Demand in depressed surplus countries is also stabilised.

Once the business cycle becomes convergent, this helpful safety-valve is blocked. In the expansive phase everyone is, as it were, trying to get into deficit at the same time: the only result is a world-wide experience of shortages and bottlenecks accompanied by very high commodity prices. On the downswing everyone is trying, by implication, to get into surplus; the result is obstinate depression, and pressure for trade protection.

The logical answer is not to de-stabilise the world economy, but to devise better means of financing the trade imbalances which result from unco-ordinated (and much less inflationary) business upswings. This is the problem which the IMF became progressively less able to solve in the 1960s, and the failure is the major reason for the collapse which followed. The solution certainly does not lie in an attempt to repeat the errors of 1973.

Disturbing

The renewed stress which Chancellor Schmidt, Dr. Witteveen and others are now placing on international monetary reform is some recognition of this fact, and it will certainly be helpful if the summit agrees to put more stress on monetary than on fiscal approaches; money is a real problem, but cyclical disorder is a blessing in disguise. However, it is sadly easy to make mistakes in monetary reform, and the emphasis in preliminary discussions on gadgets—snakes or alternative crawling things, substitution funds and the like—is a little disturbing. Such formal arrangements can be helpful, but only if the fundamental problems are tackled too.

In the 1960s it was fashionable to discuss the balance of payments financing problem as a shortage of international liquidity. Once the growth of the Eurodollar market made it clear that international liquidity of one kind or another was superabundant, the catch-phrase changed to "the maldistribution of international reserves." The French preferred to talk of the problem of reserve currencies and, with hindsight, they appear to have been nearer the mark than anyone else. Reserve currencies are in demand for portfolio as well as trading purposes, and so have an inherent tendency to become over-valued; when their values need adjustment for economic reasons, the market becomes unstable due to speculation.

The proposals from the Germans and the IMF may well prove a helpful starting point to solving the portfolio part of the international monetary problem. The forgotten half of Gresham's law states that while a bad money drives a good one out of circulation for settling transactions, this is because the good money vanishes into private hoards or investment portfolios. A commercial use of the SDR, the Europa, the Emu, or whatever it is called, could well be a substitute for large commercial holdings of national currencies.

Even assuming success, though, this only tackles what is essentially the trivial end of the problem. Speculative crises are sensational and destabilising while they last; but they are only a symptom of a malfunctioning adjustment process.

What needs adjusting is not only divergent trade balances, however much these may obsess British officials, but divergent inflation rates and monetary policies. This is the issue that Chancellor Schmidt has yet to look at squarely.

Stable exchange rates, as the London Business School has pointed out, will only remain stable if inflation rates as they affect the cost of traded goods are roughly similar; and this suggests that they can only be achieved if Germany and Japan accept a *higher* rate of *domestic* inflation than other countries—which is more or less unthinkable. It may be that in a world in which speculation could not so easily be financed, adjustments in a floating market would be smoother; that is presumably the faith behind the German and IMF proposals. Sceptics on this score, however, might well wish that long-standing proposals for orderly adjustment—the crawling peg, recently rechristened as the system of dynamic parities—were at least on the agenda.

International reforms which led to exchange rates which were predictable, even if they were not stable, would certainly make other problems very much easier to solve; but they would still not actually be solved unless another item which does not appear on the agenda is thashed out at this or a future summit. What is required is a co-ordination of monetary policies. This may well creep in by the back door: it is implicit in any scheme to turn the IMF into some sort of world central bank, which would have to have some control over its member banks.

Reasoning

The reason for stressing monetary rather than fiscal policy ought to be obvious from recent history. This shows that exchange rate crises have much more to do with mistakes in monetary policy than with fiscal policy or the balance of payments. The dollar stood up very well to a huge and growing deficit as long as monetary policy was fairly tight—and incidentally U.S. growth was much more reliable in the period when Dr. Burns was being attacked for excessive tightness than it has been since monetary growth accelerated and the dollar crisis followed. Our own experience in 1976, echoed—faintly so far—in the last few weeks, tells the same story.

Pure monetarists claim that suitable monetary policies will solve all problems. In a clean float, monetary control will ensure that interest rates rise far enough to attract private finance for the trade balance, and exchange rates will be stable.

This seems to beg all too many questions in a real world in w[illegible] markets are impressed by s[illegible]tics, and in which investors naturally prefer to hold the currencies of surplus rather than of deficit countries—not to mention the difficulties of making tight monetary control effective. It seems likely that official reserves will still have a large role to play in financing the desirable swings in the balance of payments, and if this is so monetary policy must play at least as much attention to the growth of domestic credit as to money balances. This can impart a deflationary bias to policy, since surplus countries will tend to have very low DCE in line with normal monetary targets, and deficit countries will suffer monetary restraint if DCE is kept in check.

However, almost any policy one could devise—conditional IMF lending on the old model, a re-designed snake, or a world central bank—would be likely to show some deflationary bias at present, and for a very good reason: reducing inflation is still high policy priority almost everywhere, and it is not compatible with going bald-headed for growth. Inflation and high interest rates discourage investment; and attempts to square the circle with investment subsidies only add to financing problems—and incidentally tend to lead to investment which displaces labour. The real trouble with the summit agenda is that it demands incompatible achievements—most obviously in the plan to repeat the mistakes of 1973 on an international scale, but also in many more subtle ways. The summit could then lead to disaster, and not only in the way the Prime Minister imagines. Too much "success" would be an alarm signal.

Anthony Harris

Letters to the Editor

The option market

From Mr. A. Bird.

Sir,—Mr. Cochrane's inco-
[illegible] attack on options (Lom-
[illegible], April 24) really will not
[illegible]
[illegible] U.S. evidence is that
[illegible] markets can act as a
[illegible] absorber" for equities,
[illegible] up speculation and
[illegible] it out of the equity
[illegible] option trading actually
[illegible] to reduce slightly the vola-
[illegible] of the underlying securi-
[illegible]. And this speculation does
[illegible] make the option market go
[illegible] instead, the imminence of
[illegible] final exercise date after
[illegible], six or nine months means
[illegible] option premiums can never
[illegible] driven far from their "fair"
[illegible] however enthusiastic in-
[illegible] become.

There is no question of option
[illegible] in some way reducing
[illegible] value of equities; the net
[illegible] invested in options is
[illegible] zero, since there is a
[illegible] on the other side of the
[illegible]saction. As for reducing the
[illegible] of the equity market, it
[illegible] hardly likely that trading in
[illegible] like ICI, GEC, or BP will
[illegible] up altogether just because
[illegible] option market has arrived.

Mr. Cochrane's Aunt Agatha
[illegible] find that a portfolio of 95
[illegible] cent. bonds and 5 per cent.
[illegible] options is much less risky
[illegible] equities, and may well be
[illegible] better suited to her needs.
[illegible] will not be ripped off in
[illegible]missions either; the commis-
[illegible] payable is much less than
[illegible] commission on the purchase
[illegible] the underlying equities. And
[illegible] the Amsterdam market com-
[illegible]issions are only half the
[illegible]ondon level anyway, for most
[illegible]rgain sizes.

[illegible]thony Bird.
[illegible], Richmond Road,
[illegible]ngston-upon Thames, Surrey.

A question of conciliation

[illegible]rom the General Secretary, [illegible]ngineers and Managers [illegible]ssociation.

Sir,—In his report (April 25)
[illegible]n the question of recognition
[illegible]or the Shipbuilding and Allied
[illegible]ndustries Management Associa-
[illegible]ion in shipbuilding and the
[illegible]pposition to this of the Con-
[illegible]ederation of Shipbuilding and
[illegible]ngineering Unions, Alan Pike
[illegible]ays that "senior Advisory Con-
[illegible]iliation and Arbitration Service
[illegible]fficials have . . . satisfied them-
[illegible]elves that there is no possibility
[illegible] persuading them to reach a
[illegible]utually acceptable settlement."

This is inadvertently quite mis-
[illegible]eading. In our view ACAS has
[illegible]ad no intention of trying to
[illegible]onciliate between the CSEU and
[illegible]urselves. This was apparent
[illegible]hen representatives of the En-
[illegible]ineers' and Managers' Associa-
[illegible]ion and SAIMA met Mr.
[illegible]ortimer, chairman of ACAS, on
[illegible]arch 2. Although we know
[illegible]hat Mr. Harold Walker had ad-
[illegible]ised the House of Commons that
[illegible]CAS would be looking into the
[illegible]ossibilitities of conciliation.
[illegible]hen we inquired about this of
[illegible]r. Mortimer it was immediately
[illegible]lear that the idea of conciliation
[illegible]as just not in his mind — and
[illegible] subsequently wrote to him to
[illegible]dvise him that this was our
[illegible]iew.

Since then Mr. Mortimer has
[illegible]xplained that there is no point
[illegible]n conciliation because the CSEU
[illegible]ould not agree to any change
[illegible]n its own point of view. This
[illegible] an extraordinary reason to
[illegible]ive since, if people are ready
[illegible]o agree on something, then, of
[illegible]ourse, conciliation is unneces-
[illegible]ary.

EMA has been fully appraised
[illegible] ACAS of the views of the CSEU but, so far as I am aware, ACAS has at no time put the EMA's views to the CSEU in return. It has not pointed out to the CSEU that Parliament rejected the concept that trade union organisation should be confined to CSEU affiliates, nor that SAIMA is already recognised at company level for 80 per cent. of the industry's managers and has 70 per cent. in membership; nor that as a relevant union SAIMA is legally recognised for collective bargaining purposes within the industry; nor that the EMA has expressed its willingness to join the CSEU; nor that we offered to have the matter decided by ballot if anyone doubted what the overwhelming opinion of the industry's managers is on the subject of their representation.

If ACAS had put these points strongly to the CSEU, we believe that it may well have been influential in its effect on their opinions. It is a matter of regret that ACAS has declined to do this. I believe the reason is that for ACAS even to attempt to conciliate would undermine both the stand of the CSEU and the line taken by the TUC on this recognition issue.

John Lyons,
Station House,
Fox Lane North,
Chertsey, Surrey.

Transnational corporations

From the Executive Director, Europe, Inter Corporate Services S.A.

Sir,—Your editorial on transnational accounting (April 7) commenting on corporate anxiety to the U.N. Centre on Transnational Corporations group of experts' proposals was almost too predictable.

Many companies show a sad lack of perception to the real issues behind the disclosure proposals (and this applies just as much to comments to the U.K. Green Paper on the future of company reports) as well as confusion about how these developments should be handled.

The fact that the U.N. together with numerous other international and national bodies have devoted so much energy to disclosure means that there must be considerable dissatisfaction with current corporate disclosure practice. There is a belief that there is too much corporate secrecy and that financial reporting alone is not enough in a time when corporate responsibilities are considered to be wider than to shareholders, even if this is not reflected in company law.

Attacks on the various proposals by business and accountants are likely to improve neither the attitude of the protagonists nor the constructiveness of the debate. Indeed there is sufficient evidence to show that the attacks will be counter-productive.

Business must set out to determine what sort of disclosure is meaningful, practical and sensible. The case for disclosure needs to be proven one way or the other. Our own researches indicate, for example, that information which is justifiably needed by various interests will not be expensive to collect, since most is already collected; that information needs are relatively modest; and, most importantly, the issue is whether companies are willing to give the data, not the actual data itself.

One country where the debate about disclosure, and particularly non-financial and non-shareholder reporting, is taking place constructively is in Germany. A not insignificant number of companies have invested the time and effort to find out what can, and should, be done. One may not like the type of practice which is developing in Germany, but it will undoubtedly influence the nature of any future legislation. And, interestingly, experimentation is not being led by accountants.

All this is not to say that the U.N. proposals are good ones, but before one begins to criticise the detail in the appendices, a long hard look should be given at the text on the issues and principles involved. And companies must research and experiment so that they are in a position to influence the recommendations properly.

R. J. A. van den Bergh,
4, Cromwell Place,
South Kensington, S.W.7.

Oil in rural areas

From the prospective Liberal Parliamentary candidate, West Aberdeenshire.

Sir,—In your report (April 21) of Shell's denial that it is opting out of its social responsibilities by not renewing contracts to 1,500 filling stations, Shell states that I have got my facts wrong without substantiating why.

When I spoke with Shell it did not deny that the effect of its decision would be to increase the cost of petrol in some rural areas where petrol is already substantially dearer than in big towns (85p to 90p a gallon in some areas for four star).

Multinational companies frequently complain of excessive Government interference in their affairs, yet by refusing to supply smaller filling stations at competitive rates Shell is contributing to the high cost of living in rural areas. Yet people in rural areas contribute substantially to the national economy and pay the same taxes, rates, etc., and expect, often in vain I fear, Governments to take action to help keep down living costs.

The issue is more sensitive in an area like the north-east of Scotland where, for example, Shell is negotiating with farmers to build a pipeline across their land, where the growth of the oil industry while welcome to the area has added an extra twist to the inflationary spiral. Oil companies do not endear themselves to the local community when they then tell them they cannot afford to supply petrol at competitive rates.

It is not merely a question of the social responsibility of multinationals, it is also a matter of good public relations. If Shell was to reverse this decision the goodwill it would gain would dramatically offset the small commercial disadvantage involved in continuing supplies. Incidentally, I would have thought my suggestion of a flexible petrol tax for rural areas would have been welcome to Shell—yet it chose to make no comment on that.

Malcolm Bruce,
13, Heath Row,
Banchory.

Phones at Heathrow

From the Director, Public Relations, Post Office.

Sir,—Mr. L. Calvete was not correct when he suggested in his letter (April 15) that the Post Office believes public telephone arrangements at Heathrow are adequate for international calls. It will, therefore, surprise him to hear that we share his views that the arrangements are not adequate. Indeed, we had already agreed with the British Airports Authority to provide in Terminal 3 facilities to augment those already available in Terminal 2, and expect to complete this work within the next three months.

The Post Office has been steadily improving facilities for the public at the airport and there are now many more public phones—60 of which have been added in the past six months. Others will be installed as soon as more accommodation becomes available.

I am sorry Mr. Calvete had difficulty in obtaining an international call from the Trafalgar Square post office. Telephones under the control of Post Office counter staff have for years been available there for calls beyond Europe. These facilities are heavily used, particularly in the summer period, and we are seeking suitable accommodation in central London to extend them.

Readers may care to know that calls to Europe can be made by customers themselves from any ordinary payphone, including those at Trafalgar Square post office.

Peter H. Young,
Central Headquarters,
23, Howland Street, W.1.

Power price increases

From Mr. R. Hankinson.

Sir,—May an average domestic user of electricity give some support to the claims of the Electricity Consumers Council in its dispute with the Electricity Council over power price increases?

My electricity bills show that the unit charge made by the Yorkshire Electricity Board at the relevant periods was

June 1962	1d (0.41p)
May 1972	0.77p
May 1974	0.869p
Feb. 1976	1.97p

(As the YEB had a three-tier tariff in 1963 the unit charge for that year has been averaged out.)

According to these figures the Consumers Council is understating the case in claiming a four-fold increase between 1962 and 1976, at least in respect of YEB charges. They show a 380 per cent. increase, against the Electricity Council's 232 per cent.

The Electricity Council has lumped all domestic consumers together to calculate the percentage, including the minority who are on the subsidised off-peak tariffs.

Does this dispute reveal that the extra burden on the "ordinary" consumer is even greater than had been supposed?

R. H. Hankinson.
Robin Cottage,
Carr Lane,
Dronfield Woodhouse,
Sheffield.

Equality and pensions

From Mr. B. James.

Sir,—Perhaps a reader can explain why our Government cannot afford the cost of equality on retirement at age of 60 for males. Surely this would help with jobs for unemployed persons and the savings and costs would balance.

It seems surprising how the present situation is tolerated as it is really quite a vast discrimination. I checked with my employer's pension scheme and learned that I could retire at 60 but must only take $\frac{2}{3}$ of the actual pension earned to date. Allowing for the life expectancy of females they are surely costing the scheme about 50 per cent. more than males who contribute the same.

Even the new Government scheme particularly refers to "equality for women" and goes on to stipulate their retirement at "60" and men at "65" on equal contribution.

B. James.
5, The Vista,
Langdon Shaw,
Sidcup, Kent.

To-day's Events

GENERAL

Dr. David Owen, Foreign Secretary, and Mr. Helmut Schmidt, West German Chancellor, address Council of Europe Parliamentary Assembly, Strasbourg.

Council of Europe Foreign Ministers discuss implementation of Helsinki Final Act, Strasbourg.

Mr. Denis Healey, Chancellor of the Exchequer, leaves for New York en route to Mexico City to chair International Monetary Fund Interim Committee on April 29-30.

Polling day in by-elections at Wycombe and at Epsom and Ewell.

Third annual conference on World Energy Economics opens at Inn on the Park, W.1 (until April 29).

British Institute of Management 1978 management salary survey.

Sir Arthur Bryan, chairman, British Overseas Trade Board's North American Advisory Committee, addresses London Chamber of Commerce North American section annual meeting.

PARLIAMENTARY BUSINESS

House of Commons: Finance Bill, second reading. Trustee Savings Banks Bill, remaining stages. Consideration of any Lords amendments to Shipbuilding (Redundancy Payments) Bill.

House of Lords: European Assembly Elections Bill, and Conservation of Wild Creatures and Wild Plants (Amendment) Bill, report stages. Solomon Islands Independence Bill, second reading. Debate on investigations involving forcible entry by officials of Inland Revenue and other Departments.

OFFICIAL STATISTICS

Car and commercial vehicle production (March, final). Energy Trends publication from Department of Energy.

COMPANY RESULTS

Hoover (first quarter figures). Minet Holdings (full year). Tarmac (full year). Tootal (full year). Vickers (full year). George Wimpey and Co. (full year).

COMPANY MEETINGS

African Lakes, 2, York Place, Edinburgh, 11.30. Bestwood, Empire House St. Martin's-Le-Grand, E.C., 11.30. British Mohair, Victoria Hotel, Bradford, 12. Embankment Trust 21, Moorfields, E.C., 2.15. Howden (Alex.), Baltic Exchange, E.C., 12. Jourdan (Thos.), Park Hotel, Park Lane, W., 12. Manchester Garages, Manchester, 12. Newey Group, Hall Green, Birmingham, 4. Sharpe (W. N.), Bradford, 12. Watmoughs, Horsforth, nr. Leeds, 12.

OPERA

English National Opera in final performance of Julietta, Coliseum Theatre, W.C.2, 7.30 p.m.

COMPANY NEWS + COMMENT

TR ahead 6% after static second half

DESPITE A static second half, Telephone Rentals finished 1977 with pre-tax profit ahead by 6 per cent. from £9.01m. to £9.55m., on turnover of £30.78m. against £29.5m.

In October, when reporting midway profit up by £0.54m. to £4.57m., the directors said that owing to general industrial uncertainties it would be difficult to exceed the previous year's good second half performance in the latter part of the year. However, they expected full year results to show an improvement over 1976.

They now report that second half profits were adversely affected by exchange rate factors, a fall in interest rates and industrial problems, mainly arising from pay policy restrictions in the U.K.

For the first quarter of 1978 both new rental and sale business secured is considerably in excess of that taken during the corresponding period of 1977 and a substantial backlog of installation work remains to be dealt with, they say.

Provided, therefore, that installation programmes are not again affected by industrial difficulties, the directors are confident that further satisfactory progress will be made during 1978.

After tax of £5m. (£4.63m.) and minorities, attributable profit for the year improved from £4.23m. to £4.51m.

Stated earnings are 11.61p (11.16p) per 25p share and the dividend total is raised from 5.28423p to 5.835925p net, with a final of 4.300125p.

	1977 £000	1976 £000
Turnover	30,778	29,497
Rented	17,228	16,207
Sales and other	13,550	[illegible]
Depreciation	3,365	3,039
Trading profit	8,973	9,274
Interest received	285	403
Share of assoc.	298	336
Pre-tax profit	9,554	9,013
Tax	5,002	[illegible]
Net profit	4,552	[illegible]
Minorities	47	47
Attributable	4,505	4,233
Dividend	2,285	[illegible]

• comment

Telephone Rentals small second half shortfall was the result of difficult trading conditions both at home and overseas. U.K. industrial problems—at suppliers and customers—depressed sales income, especially in the second half when it fell some 12 per cent., and ensured no volume growth in rental. Overseas operations were somewhat mixed with Australia and France flat while Canada was on the mend and Ireland, South Africa and the U.S. made good contributions. Exchange fluctuations and lower interest rates contributed to the unexciting performance. This year, however, both new rental and sales are moving ahead and there could be a significant boost to business from the new PABX model once Post Office approval is received—probably in July. With overseas companies expected to show a modest improvement, the group should meet its forecast of further satisfactory growth. The shares at 120p yesterday yield 7.8 per cent. on a p/e of 10.

HIGHLIGHTS

The Lex column concentrates on the bid for Carlton Industries from Hawker Siddeley, announced late yesterday after the suspension of dealings in Carlton first thing. Also under review is the implication of BICC's announcement that it intends to sell its 20 per cent. stake in General Cable Corporation of the U.S. European Ferries has produced nearly doubled profits and a big improvement in its balance sheet, thanks to steady progress from its shipping division. Finally, Lex looks at the results from the three discount houses which reported yesterday. Elsewhere, Spear and Jackson made its full-year statement. Last December S and J shocked the market by disclosing that its earlier profits forecast was well outside its grasp. At Foseco Minsep the recession in the steel industry has had a bigger than anticipated impact on profits and Telephone Rentals' second half shows a small setback. Gill and Duffus has come up with some good figures.

Record at Anchor Chemical

AFTER RISING from £130,000 to £310,000 at mid-way, pre-tax profit of Anchor Chemical Company was lifted from £415,000 to a peak £601,000 in 1977 on turnover up from £9.75m. to £11.21m.

The result was after an exceptional credit of £71,000 against a debit of £51,000, and is subject to tax of £165,000 (£191,000).

Earnings per 25p share are shown at 15.37p, compared with 10.63p, and the final dividend of 2.08725p net lifts the total from 3.72386p to 4.12715p.

	1977 £000	*1976 £000
Turnover	11,217	9,746
Exceptional credit*	71	†51
Pre-tax profit	601	415
Tax	165	191
Net profit	436	224
Exchange deficit	46	‡8
Extra-ord. credit	50	31
Attributable	441	263
Retained	324	164

* Adjusted for ED19 and ED21. † Debit. ‡ Surplus.

The directors state that, in common with most enterprises in the chemical industry, Anchor found the level of business in the first quarter of 1978 disappointing but says it is too early to state whether this trend is likely to continue for long.

However, Anchor is well placed to take full advantage of any improvement in demand. Fluctuations in currency values, particularly the earlier strength of sterling, have undoubtedly made exporting appreciably more difficult, but an increased market share in the U.S. will be obtained in the second half thanks to the new investment being made there.

• comment

Difficult conditions in the chemicals industry have resulted in a negligible growth for Anchor in the second half, but full year profits are still 42 per cent. higher. The company is now getting the full benefits of the restructuring programme, which has shifted the emphasis of activities from merchanting to manufacturing (now 70 per cent. of sales) to coincide with worldwide recovery from destocking in 1975. In addition, Anchor has reduced its dependence on the hard-pressed tyre market, which now accounts for about a fifth of group sales, compared with around a half two years ago. At home, the new antioxidant and ultra-accelerator plants have come on stream, enabling the company to gain market share in additives for the rubber industry, while the overseas markets (including exports) now contribute almost half of group profits. This is likely to gain momentum with the increased capacity provided by the recent joint investment in Pacific Vegetable Oil. In to-day's market conditions, Anchor's strength probably lies in its policy of steering clear of the bulk market and concentrating on specialist high value/low volume products (such as additives for the surface coatings industry), which provide better margins. At 65p, the shares are on a p/e of around 4 while the yield is 10 per cent. The cover is 3.7 times.

Stylo Shoes near £1m.

AFTER DOUBLING its pre-tax loss to £349,467 in the first half, taxable profit of Stylo Shoes jumped from £697,000 to a record £964,000 in the year to January 28, 1978.

Turnover rose from £18.32m. to £21.71m., and the result is subject to tax of £563,000 (£414,000) and before minority interests of £7,000 (£8,000). There were also extraordinary debits of £32,000 compared with credits of £341,000.

The dividend is up from 1.54p to 1.72p, and an additional 0.02369p net per 25p share is to be paid for 1976-7 following the reduction in ACT.

J. Haggas to exceed £3.5m.

A RISE from £0.82m. to £1m. in the third quarter, left John Haggas with pre-tax profit of £2.55m. against £2.31m. for the nine months to March 31, 1978, and despite many problems, the full year result is expected to exceed £3.5m. compared with £3.31m. for all 1976-77.

Group sales for the nine months were up by £2.3m. at £17.29m. and profit included investment income of £669,000 (£506,000), but was struck after depreciation of £560,000 (£515,000).

The directors report that a month ago it appeared that trading conditions in all areas of the group's business were beginning to show a marked improvement. But April has seen a relapse and though the overall trend is very gradually improving, in no way could trading conditions be described as buoyant.

They are concerned that the general state of the textile industry within the EEC is still deteriorating due to the flood of imports. But wage costs are higher in every other member country and this should place the group in a strong position to secure a major share of the available business, the directors add.

An analysis of divisional sales and profit shows (in £000's): spinning £10,488 (£8,455) and £1,107 (£1,321), knitting £3,008 (£3,918) and £293 (£233) and fur fabric £3,797 (£2,617) and £479 (£250) respectively.

• comment

Haggas' nine-month results — profits a tenth higher on sales ahead by 15 per cent.—puts the company well on course for its target of over £3.5m. (£3.3m.) for the year, which will be a creditable performance for a company in the sluggish textile sector. The main spur has come from the small fur fabrics division, where profits have doubled as a result of the cold winter weather and 50 per cent. more capacity from the new Huddersfield factory. Also investment income has jumped by a third as a result of increased buying of gilts, which now total £10m. (£6m.). However, some of the expenditure on gilts came from additional borrowings, and higher interest charges have been absorbed by the spinning division, which accounts for some of the 16 per cent. profits downturn. Another factor is the severe competition at home and in Western Europe, and these have sliced five points off spinning margins. Cover is 18 times on a maximum payout while the shares, at 97p, are on a prospective pe/e of 7.1, yielding just over 1 per cent.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Alginate Industries	9.49	July 1	8.5	13.96	12.5
Anchor Chemical	2.09	—	1.87	4.13	3.72
Automated Security	0.83	—	0.49	1.32	0.65
Canadian & Foreign Tst.	2.35	July 10	2.1	3.6	3.1
Cullen's Stores ....2nd int.	0.66	May 26	0.65	—	4.5
European Ferries	1.5†	—	1.54	2.8	1.99
Foseco Minsep	2.69	July 5	2.41	4.38	4.1
Gerrard and National	4.17	—	4.89	8.17	7.32
Gill and Duffus	4.75†	July 1	3.12	8.71†	5.73
Hopkinsons Holdings	3.71	June 5	3.36	5.06	4.58
Jessel Toynbee	3.21	June 15	2.95*	4.09	3.66*
L.K. Industrial Inv.	1.3	July 3	1.26	2.6	2.34
Manders (Holdings)	1.72	June 8	1.58	2.54	2.78
Moran Tea ....int.	5	June 1	5	—	15
Palabora Mining ....int.	12.5¶	June 6	15	—	45
William Pickles	0.4	Aug. 1	0.4	0.69	0.66
St. George Assets	0.33	June 14	0.29	0.48	0.43
Smith St. Aubyn	3.01	June 8	2.83	5.01	4.53
Spear and Jackson	5.8	May 27	5.8	9.38	7.38
Spencer Gears ....int.	0.38	July 3	0.38	—	1.09
Spillers ....2nd int.	0.33§	July 3	1.94	1.35	2.75
Stylo Shoes	1.72‡	—	1.54	1.72	1.54
Telephone Rentals	4.3	July 4	3.85	5.84	5.28
Thomson T-Line	1.65	—	1.63	3.3	3.25
Wight Construction	4.75	June 8	3.97	7.5	6.72

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Plus an additional 0.02369p for 1976-77. § In lieu of final already announced. ¶ South African cents throughout.

Rowntree confident and investing heavily

Sir Donald Barron, the chairman of Rowntree Mackintosh, says confidence in the future remains strong, and to confirm this the company is investing heavily—in people, research, new products, existing brands and in fixed assets.

He says that 1977 was a year when there were a number of favourable factors and rather less than the usual quota of unfavourable ones.

The company should not count on a repetition of this position in the year ahead.

"We must expect that the relative market share position which has developed favourably for us in several important markets will lead to even more severe competition."

Taken with the general uncertainty of the economic situation in many countries these factors make it unwise to forecast the outcome for 1978, Sir Donald says.

He says there are signs of some improvement in the stock position in the cocoa market at the end of the 1977-78 season, arising from an expected increase in production and some reduction in demand for coca beans and their derivatives.

"Hopefully this should lead to more stable conditions in the market." Last year its long cover position may have given Rowntree an advantage in competitive marketing terms, and he believes the current cover position is satisfactory.

As reported on April 14, pre-tax profit of the confectionery group climbed from £30.9m. to £41.49m. A current cost statement shows this figure reduced to £27.19m. by a £13.5m. cost of sales adjustment and additional depreciation of £5.8m., offset by a £5m. gearing adjustment.

At the December 31 balance date, fixed assets were £119.58m. (£82.3m.), and net current assets were up from £53.82m. to £65.15m. Stocks had grown from £61.78m. to £93.65m., debtors £9.6m. to £57.63m. and bank balances and short term deposits were down from £9.6m. to £6.75m.

Bank overdrafts in the same period increased from £12.17m. to £21.07m., and creditors were £60.97m. (£44.11m.).

Meeting, York, May 26 at 11 a.m.

Lloyd's blocks another U.S. attempt

The 16-strong Committee of Lloyd's of London has blocked another proposed takeover of a Lloyd's broker by an American insurance concern.

In a brief statement yesterday Lloyd's said: "The Committee of Lloyd's this morning considered a proposed takeover by an American insurance interest of a non-quoted Lloyd's broker. In so doing the Committee applied the rules it had approved last week which limit the share an outside insurance interest may hold in a firm wishing to continue as a Lloyd's broker."

The move follows the controversial ruling last week which said that no insurance company, underwriting agency, or a non-Lloyd's broker may normally hold more than 20 per cent. of the equity of a broker seeking recognition at Lloyd's.

That decision blocked two bids by American brokers: that of Marsh and McLennan for Wigham Poland, and Frank B. Hall for Leslie and Godwin.

Two other bids are also to be considered by the Committee of Lloyd's in the next few weeks which could be blocked by the new ruling.

Midway gains held by discount houses

MAINLY REFLECTING the impact of lower interest rates on their first half results three discount houses—Gerrard and National, Smith St. Aubyn and Jessel Toynbee—have announced sharply higher profits for the year ended April 5, 1978.

For Gerrard and National group net profits show an advance from £3.41m. to £5.71m. This was struck after provision for tax and a transfer to inner reserves, and includes £1.11m. (£0.26m.) in respect of subsidiary companies after tax and minorities.

A sum up from £0.5m. to £2m. has been transferred from inner reserve to general reserve and after this transfer inner reserves stand at a record level.

The dividend is increased from 7.316p to 8.171p, with a net final of 4.171p.

Dividends absorb £1.24m. (£1.1m). and the group carry-forward is increased to £4.47m. (£2.31m.).

Smith St. Aubyn reports net profit up from £1.38m. to £1.95m. This was arrived at after tax, rebate and a transfer to the contingencies reserve.

The dividend is raised from 4.53089p to 5.012p, with a final of 3.012p net. In addition, a scrip issue in Preference shares is proposed on the basis of one for every eight Ordinary shares.

Jessel Toynbee's net profit went ahead from £1.01m. to £1.29m.—struck after rebate, tax and all expenses, and after a substantial transfer to reserve for contingencies. There is an unchanged transfer to general reserve of £0.5m.

The dividend is effectively increased from 3.6575p to 4.085p, with a final of 3.21p net. A further one-for-four scrip issue is also proposed.

See Lex

Wm. Morrison profits holding as sales slow

WHILE THE sales volume increase at Wm. Morrison Supermarkets in the first 11 weeks of the current year has slowed down, profits continue at a satisfactory level and Mr. K. D. Morrison, chairman, says that he is hopeful that the group can at least achieve current trading margins in existing stores.

Profits from the Whelans Discount Stores (acquired with effect from April 10, 1978), will take time to show through to a satisfactory level, as expenditure on bringing these units up to standard will be considerable. Such expenditure will pay off in the medium-term and the chairman looks forward with confidence to a satisfactory return on capital.

The chairman says that he hopes to be able to expand in more detail at the AGM on the current state of the group when the group has been fully able to evaluate the situation at Whelans and current negotiations on additional sites will be at a more advanced state.

In the year ended January 28, 1978, group sales expanded by 29.81 per cent. to £85.67m. and pre-tax profits went ahead by 57 per cent. to £3m. The chairman explains that this result has been achieved not only through store openings and inflation but as a result of volume growth in existing units in a difficult trading year when pressure on margins was severe.

Capital expenditure contracted for at the year end amounted to £1.17m. (£1.53m.) and a further £0.86m. (£0.8m.) has been authorised.

Net borrowings at the year end showed a decrease of £1.35m.

In accordance with ED19 the provision for tax on stock appreciation at January 31 1977 has been transferred to reserves. This has the effect of increasing shareholders funds to £8.52m.

Meeting, Bradford, May 18 at 11 a.m.

Capitol EMI off $3m. so far

NET INCOME of Capitol Industries—EMI declined further in the third quarter from $1.71m. to $0.76m.—leaving the total for the first nine months ended March 31, 1978, down from $7.71m. to $4.85m.—equal to $1.47 against $2.34 per share of which $0.23 ($0.52) accrued in the third quarter.

Mr. Bhaskar Menon, President and chief executive, explains that conditions experienced during the first half persisted during the third quarter.

Sales of recorded music were lower than last year primarily as a result of re-scheduling releases of a number of key artists. Additionally, net income was adversely affected by increased recording, marketing and talent development costs.

Sales in the 9 months were marginally higher at $159.37m. against $157.6m., of which $48.7m. ($45.38m.) came in the third quarter.

MANFORD/PIFL

Manford Investments has received acceptances in respect of 3,270,549 (96.24 per cent.) Ordinary shares and the same number of deferred shares of Property Investment and Finance which it bid for. Together with 910,000 shares of each class held by Manford before the offer, these give total holdings of 97.04 per cent. of the equity.

The offer has gone unconditional and remains open until further notice. Manford intends to compulsorily acquire the outstanding shares.

At an EGM, the proposed reorganisation of PIFL's share capital was approved.

Ladbroke in strong liquid position

PROFITS TO date of the Ladbroke Group are good and record figures are expected from all divisions, states Mr. Cyril Stein, the chairman.

He feels that the forecast increase in disposable income this year will benefit many of the group's divisions particularly entertainmets holidays and betting.

The group is to contiue its expansion into additional areas of the leisure industries and at the same time to further develop current operations where growth can be achieved.

Mr. Stein says that the strength of the group is reflected in net assets showing an icrease from £91.95m. to £116m. as at January 3, 1978. Holders funds amounted to £52.7m. giving an asset value per 10p share of £1.

At the end of 1977 the group's U.K. investment properties were revalued at £9.2m. compared with their book value of £5.7m. In 1978 the group expects to revalue its overseas investments and U.K. operating companies and the chairman believes that they will also give rise to a considerable surplus.

With some £13m. in cash, gilts and dealing investments the company maintains a strong liquid position.

A summarised balance sheet of the property and other operating divisions shows that gearing, excluding the London and Leeds property division, has decreased to 0.33:1. This year the group repaid all the building loans on the group hotels and the principal borrowing is now the 8 per cent. loan stock repayable by 1992. Including the property division, the group gearing is 1.05:1 compared with 1.54:1 last year.

The book value of group properties at the year end was £55.75m. which included £29.23m. in respect of the troublesome Brussels block.

Group pre-tax profit in the year ended January 3, 1978, expanded from £15.32m. to £24.28m. in line with January estimates. A current cost statement under the Hyde guidelines shows an adjusted pre-tax profit of £23.18m. (£14.46m.) after additional depreciation of £1.74m. (£1.61m.) cost of sales adjustment £0.27m. (£0.28m.), offset by a gearing adjustment of £0.92m. (£1.03m.).

Referring to Cashcade lottery management the chairman says that the objective in 1978 is to manage 100 lotteries selling 4m. tickets per week. Local authorities charities and associations will at this rate benefit to the extent of £20m. per year. And it could put £1.5m. on the group's pre-tax profit.

At the year end capital commitments in the property division amounted to £807,000 £0.81m. (£1.04m.) and in other divisions they totalled £8.47m. (£5.19m.).

The group plans to consider the introduction of a profit sharing scheme for full-time employees if the Budget proposals on this point are enacted in a suitable form.

It is also proposed at an EGM followin gthe AGM to introduce a share option scheme for 200 selected executives. The scheme provides for the grant of options to acquire up to 2m. shares (equal to 3.7 per cent. of the total equity) but it is not intended to grant more han half that number in the first 12 months.

Meeting 11, Copthall Avenue, E.C., May 24 at 11 a.m.

STAFLEX SALE AGREED

Shareholders in Staflex International, the inter-lining specialists, were told yesterday that the company is in breach of its borrowing powers.

At the extra-ordinary general meeting, Mr. I. N. Bellow, chairman, explained that it was a temporary breach which would be closed by the sale of a subsidiary, Bellow Machines, to Pfaff, the German sewing machine group. Shareholders agreed unanimously to the sale.

A second motion, permitting the sale of a further subsidiary, Barnes, to Mr. Ken Barnes, a former shareholder, was withdrawn. Negotiations for the sale have been held up over price problems, Mr. Bellow said, but they were still continuing.

Replying to a question Mr. Bellow said that the factory in Bow was still empty after 2½ years. In view of the "pretty massive rationalisation" now going on throughout the group it was possible that the London HQ might now move back into the Bow factory releasing for sale the present HQ at Staflex House in Golders Green.

LETRASET STAKE

Mr. W. Fieldhouse, chairman of Letraset International, sold 25,000 shares on Tuesday at 140p per share. The sale was made after the announcement of the takeover bid for J. and L. Randall, which knocked the Letraset share price. It was made with the knowledge and approval of Letraset's merchant bank, Kleinwort Benson.

Mr. Fieldhouse has been a steady net seller for two years, having owned 300,000 shares in May 1976 compared to 100,000 shares now. The sales have been for "personal reasons."

Unilever faces difficult year

THE CURRENT YEAR is expected to be a difficult one for Unilever but with improving efficiency the group is well placed to take advantage of any upturn in economic conditions, the directors state.

In 1977 the group experienced satisfactory growth in the first half, but not in the second when economic conditions worsened, particularly in Europe. Also the cold and wet summer affected some of the group businesses unfavourably. As a result profits in Europe for a number of product groups were below those of 1976 and margins were unsatisfactory.

Combined group pre-tax profits fell from £610.8m. to £549.7m. in the year—Ltd. was down from £337.5m. to £326.9m. and NV from £273.3m. to £222.8m.

Total net liquid funds at December 31 remained substantial at £348m. but showed a reduction compared with £406m. at the end of the previous year. Net liquid funds of UAC of Nigeria, amounting to £16m. at December 31, 1976, were not included at the end of 1977 because of the reduction in the group's share stake to 40 per cent. and its consequent exclusion from the consolidated figures.

Capital expenditure during the year rose from £262.5m. to £313.7m. and was £138m. higher than depreciation. Projects approved during the year had a value of £431.8m. (£348.3m.). Plans for investment in the U.K. for 1978 are well above last year in real terms.

An analysis of capital expenditure by operations is given in the table.

	1977 £m.	1976 £m.
Capital expenditure—		
Margarine, other fats, etc.	61.2	49.8
Other foods	92.7	78.7
Detergents	47.0	31.2
Toilet preparations	10.4	8.3
Chemicals, paper, etc.	[illegible]	34.4
Animal feeds	10.8	6.3
UAC	22.4	24.2
Plantations, transport, etc.	35.9	31.6
Total	313.7	262.5

During the year the group spent £37m. on acquisitions, of these the most significant were A. Sutter, a Swiss cleaning group, and a majority share in Societe Motta France, an ice cream company. The group envisages financing the proposed acquisition of National Starch by using some $150m. of NV's cash while the remainder will be borrowed long-term. The cost of the acquisition is expected to be around $480m.

The directors estimate that this latter transaction will increase the group's gearing—it was 29 per cent. at the end of 1977—by some 6 per cent.

A current cost statement shows an adjusted profit before tax of £457m. against £402m., after cost of sales adjustment £113m. (£95m.) additional depreciation £74m. (£86m.), offset by gearing adjustment of £33m. (same). The historical profit attributable to Ordinary holders amounted to £238m. against £286.7m.—on a CCA basis these figures were £164m. (£177m.).

An analysis of the profit before tax and minorities by operations is given in the table.

	1977 £m.	1976 £m.
Profit—		
Margarine, other fats, etc.	110	125
Other foods	125	130
Detergents	107	125
Toilet preparations	31	30
Chemicals, paper, etc.	42	42
Animal feeds	13	14
UAC	85	140
Plantations, transport, etc.	40	25
Total	551	632

Reviewing the group's operations the directors state that in the World total edible fats and oils market the group maintained its position. In margarine the share of the market was retained in Europe and the U.S. despite increased competition. In the rest of the world the group continued to improve its market shares.

In the U.K. volume was up considerably in a market that has grown considerably despite the reintroduction of a consumer butter subsidy. There was little growth of demand for meat products in the U.K. Competition from imported products had an adverse effect on both volumes and margins.

In the Netherlands serious losses continue despite some savings arising from cost cutting and lower raw material prices.

In Europe economic conditions were not conducive to high market growth for detergents and this together with intense competition led to unsatisfactory margins. In North America results were also disappointing. Outside these two areas good progress was maintained with volume growing by 10 per cent. and an increased market share being obtained.

Referring to the £80m. investment in tripling the capacity of Thames Board Mills' plant at Workington in Cumbria the directors say that this is expected to come on stream in 1981.

Total expenditure on research and development in 1977 showed an increase from £109m. to £118m.

Meeting, Baltic Exchange, E.C., May 17, at 11.00 a.m.

SHARE STAKES

Lyon and Lyon—The Merchant Navy Officers Pension Fund has purchased 300,000 Ordinary shares bringing holding to 9.375 per cent.

Montague L. Meyer—Mr. T. M. Meyer, a director, has sold 25,000 Ordinary shares.

Cosalt—Mrs. D. J. Cartledge has reduced her beneficial interest in the Ordinary share capital to less than 5 per cent.

Pegler-Hattersley — Norwich Union Insurance Group has acquired a further 80,000 shares bringing their total holding to 1,526,000 (5.204 per cent.).

Brown and Tawse—Pearl Assurance Co. on April 18 held 580,000 Ordinary shares (3.756 per cent.).

McLeod Russell—Assam Trading have acquired a further 8,000 Ordinary shares, bringing holding to 1,452,035 (36.05 per cent.).

Gill & Duffus 'vintage year'

DESCRIBED as a vintage year by chairman Mr. F. M. Gill, 1977 gave Gill and Duffus Group, international commodity broker, merchant and processor, a pre-tax profit of £20.4m.; an advance of 52 per cent. on the previous year and £2.4m. better than the forecast made last December.

Some of the increase over projection, however, is due to the inclusion of certain overseas regional taxes, which hitherto had been deducted before giving the taxable surplus and are now included in the tax charge.

Before including £5.13m. of deferred tax no longer required stated earnings per 25p share rose from 24.5p to 32.7p and, after inclusion, doubled from 24.5p to 49.1p. As forecast at the time of the rights issue in April, 1977 the total dividend is lifted from 5.72p to 8.712p with a final of 4.732p net. A one-for-one scrip issue is also proposed.

Turnover for the year improved sharply from £480.41m. to £713.21m. Tax took £9.94m. (restated £6.34m.), the attributable balance totalled £15.62m. (£8.9m.) and £12.76m. (£5.25m.) was retained.

	1977 £000	*1976 £000
Group turnover	713,211	480,407
Profit before tax	20,401	13,437
Tax	9.935	6.340
U.K.	191	59
Overseas	1.297	958
U.K. deferred	4.822	3.297
Overseas deferred	3.835	2.026
Net profit	10.466	7.097
Dfrd. tax no longer rqd.	5.171	—
Minority profits	212	202
Extraordinary credits	231	—
Attributable	15,616	8,593
Ordinary dividends	3.853	1.636
Preference dividend	9	9
Retained	12.755	5.250

* In 1976 and previous years certain overseas regional taxes were deducted from profit before tax whereas in 1977 these have been included in the charge for tax. For comparison, 1976 figures have been reclassified.

Commenting on the group's performance during the year the chairman says that cocoa proved outstanding with particular emphasis on the industrial sector. All cocoa plants were working at full capacity, showing the importance of the capital expenditure programme announced in 1976.

Rubber made a significant contribution as did edible nut kernels, dried fruit and general produce but coffee proved on the whole to be disappointing. The group's new tea company, Matheson Gill and Duffus, enjoyed an excellent year and the directors believe that this major commodity will prove an important growth area in the future.

Associated company interests in insurance and money broking had a successful year but the group's sugar interests have so far not operated profitably.

On the group's future, Mr. Gill says that there are already signs that 1978 is shaping well.

● comment

The dramatic movements of the commodity markets especially cocoa, coffee and tea last year favoured Gill and Duffus, which has again topped its interim forecast by some £2m. The shares rose 11p to 235p yesterday. Sharp commodity price movements — an unprecedented peak in the summer followed by a steep fall in the second half — yielded outstanding results for cocoa although coffee, while successful, fell short of its expectations. Efforts to broaden its base of activities also paid off: rubber made a significant contribution despite very quiet conditions and tea, though a relatively new and small scale operation, had an excellent year. The group remains confident of thriving in the volatile commodity world though expectations this time would be tempered by lower prices for both cocoa and coffee and less exciting trading conditions. The shares yield 5.8 per cent. on a p/e of 7.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims: Anglo Scottish Investment Trust, Common Bros., Hawkins and Tipson, McKechnie Bros., Safeguard Industrial Investments, S. Simpson

Finals: Amalgamated Power, Belgrave (Blackheath), De Vere Hotels and Restaurants, Flight Refuelling, Norman Hay, P. and W. McClellan, Martin-Black, Miner, B. and I. Nathan, Petrocon, Shiloh Spinners, Jefferson, Smurfit, Spong, Tarmac, Tootal, Vickers, Wheatsheaf Distribution and Trading, George Wimpey.

FUTURE DATES

Interims—	
Kelsey Industries	May 31
Pochins	Apr. 28
Scottish National Trust	May 23
Finals—	
Davies and Newman	May 2
First Castle Securities	May 2
Neill (James)	May 5
Peninsular and Oriental Steam Navigation	May 3
Robertson Foods	June 14
Wills (George)	May 4

BROKERS MERGE

W. Hargraves and Co., the Leeds stockbroker, is to be amalgamated with Sheppards and Chase on May 1, and Mr. Wilfred Hargreaves, senior partner, will join the new partnership.

MONEY MARKET

Nervous conditions

Bank of England Minimum Lending Rate 7½ per cent. (since April 11, 1978)

Conditions remained very nervous in the London money market yesterday, with discount houses buying rates for three-month Treasury bills continuing to point towards a possible rise in Bank of England Minimum Lending Rate this week. The yield on sterling certificates of deposit continued to rise, with the three-month yield finishing at 8⅛-8 per cent., compared with the present yield of slightly over 7 per cent. on three-month Treasury bills.

The authorities continue to soothe sentiment in the market, and bought a small amount of Treasury bills from the houses on a day when credit was thought to be in slight surplus.

Banks brought forward small surplus balances, and the market was also helped by a fall in the note circulation. On the other hand there was a very small net take-up of Treasury bills to finance, while revenue payments to the Exchequer, mostly by way of tax payments, were met by Government disbursements.

Discount houses paid up to 7 per cent. for secured call loans, but closing balances were taken at 3½-8 per cent.

In the interbank market overnight loans opened at 7½-7¾ per cent., and ranged between 6½ per cent. and 7½ per cent. for most of the day, before closing at around 7½ per cent.

Apr. 26 1978	Sterling Certificate of deposits	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	8½-7¾	—	—	—	6¾-7¼	5½-7	—	—	—
2 days notice	—	—	7⅝-7⅞	—	—	—	—	—	—	—
7 days or 7 days notice	—	7⅝-7¾	7½-7⅝	—	7⅝-8	7½-7¾	6½-7	—	—	—
One month	7⅝-7[illegible]	7⅝-7[illegible]	7½-7⅝	8-7⅝	7¾-8⅛	8⅛	6⅞-7	6[illegible]	7⅝	7⅞
Two months	7⅞-7¾	7[illegible]-8	—	8-7⅞	8-8¼	—	—	6[illegible]-7	7[illegible]	7⅞-8⅛
Three months	8⅛-8	8[illegible]-8[illegible]	7⅞-8	8-7⅞	8¼-8⅜	8⅜	7⅛	7-7[illegible]	7[illegible]-8	8⅜
Six months	8[illegible]-8[illegible]	8[illegible]	8⅜-8⅛	8¼-7¾	8¾-9¼	—	—	—	8⅜-8⅛	9
Nine months	8⅞-8⅝	8[illegible]-9[illegible]	—	8¾-8⅜	9½	—	—	—	—	—
One year	9[illegible]-9[illegible]	9[illegible]-9⅜	9-9⅛	9-8¾	9¾-10	—	—	—	—	—
Two years	—	—	10-10¼	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rate nominally three years 10½-11 per cent.; four years 11¼-11½ per cent.; five years 11½-12 per cent. ⊕ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 8[illegible]-8½ per cent.; four-month trade bills 8½ per cent.

Approximate selling rates for one-month Treasury bills 6[illegible] per cent.; two-month 6[illegible]-6½ per cent.; and three-month 6[illegible]-6[illegible] per cent. Approximate selling rate for one-month bank bills 7[illegible]-7¼ per cent.; two-month 7½ per cent.; and three-month 7[illegible]-7[illegible] per cent. One-month trade bills 7[illegible] per cent.; two-month 7[illegible]-7[illegible] per cent.; and also three-month 8½ per cent.

Finance House Base Rates (published by the Finance Houses Association) 7 per cent. from April 1, 1978. Clearing Bank Deposit Rates (for small sums at seven days' notice) 4 per cent. Clearing Bank Base Rate for lending 7½ per cent. Treasury Bills: Average tender rates of discount 6.9891 per cent.

CO-OPERATIVE INSURANCE SOCIETY LIMITED

INCREASED BONUSES TO C·I·S POLICYHOLDERS

At the 110th Annual General Meeting of the Co-operative Insurance Society Limited held in Manchester on April 26, 1978, Mr. H. A. Toogood, Chairman, reported:

"This is the last Report that I shall be presenting before my retirement from the Board of C.I.S. It is natural, therefore, that on this occasion my thoughts should turn not only to the year under review, but also to the progress of the Society during the ten-year period for which it has been my privilege to serve as its Chairman.

Progress of the Society

In the last ten years, the Society's annual premium income has expanded from just over £80 million to more than £200 million and the total funds have doubled to reach their present amount of over £860 million. The growth in premium income has been much greater in the non-life insurance business than in the life assurance sections: in the former the premium income has increased fourfold to £91 million, whilst the latter has doubled to £116 million.

These different rates of growth show the effects of the high rates of inflation that have afflicted this country and have reduced the value of the pound to about one-third of what it was ten years ago. The non-life business consists almost wholly of annual contracts so that it has been possible to increase the premiums payable on the renewal of polices to cover the heavier cost of claims and the higher expenses of administering the business. The life assurance business, on the other hand, is composed almost entirely of long-term policies and the premiums on existing policies cannot be increased. Although our new life assurance business has been buoyant, the C.I.S., like other long-established insurance companies, has not been able to obtain new business on a sufficient scale in a period of high inflation to keep the total premium income from new and existing policies growing in step with inflation.

Inflation and the threat that it presents to insurance business, particularly to life assurance business, have been a recurring theme of my previous annual reports and I find it very heartening that during the last 12 months the rate of inflation has been nearly halved, even though it still remains high by any standards other than those of recent years.

If inflation has any benefit for an organisation like the C.I.S., it is to give us an added incentive to improve our operating efficiency. Insurance is a heavily labour-intensive industry and labour costs, including national insurance and pension costs, account for nearly 80 per cent. of the Society's total operating expenses. In the interests of the policyholders, who have to meet the costs of running the business out of the premiums they pay, the Society has always sought methods of improving its efficiency, but these efforts have been redoubled in the last few years as we have tried to soften the impact of inflation on our administrative expenses. Improvements have been made at all levels and in every area of the Society's business. There have been transfers of substantial amounts of work from manual to computer operation, simplification of administrative procedures, rationalisation of our district office and regional office networks and a more effective use of labour by the adoption of new working systems. The effect is that although, over the past 10 years, the volume of business has grown, the total staff of the Society, including full-time agents, has reduced by over 20 per cent. This reduction has been achieved entirely by natural wastage and with the co-operation of the trade unions in the introduction of new working methods and the revision of staffing levels.

Nevertheless, despite the great efforts that have been made, the Society's expenses as a proportion of premium income are higher than they were ten years ago, although it is gratifying that the proportion fell last year from its 1976 level. For some time it has been accepted by the trade unions that the Society can flourish and provide job security for its workforce only if it constantly seeks to improve its operating efficiency. With their co-operation further developments will take place and, in fact, during 1977 we began the introduction of a new computerised system of premium accounting for Industrial life business which will considerably reduce the amount of clerical work involved by comparison with the methods it will replace.

The better use of labour by the Society has not been confined to administrative methods but has extended to new business production. New types of insurance policies have been introduced and our sales training methods have developed greatly, with special courses being run for all grades of the Society's field force from full-time agents to district managers. The training and promotional work have borne fruit, particularly in life assurance where, as I mention in more detail later, 1977 was another excellent year for the Society for new business.

External matters

In addition to our primary preoccupation of conducting the business of the Society, the Board and management have had to involve themselves on a greatly increased scale during the last ten years in external matters which have, or might have, an impact on the Society. The most time-consuming have been in connection with the great weight of new legislation, some relating specifically to insurance and some of more general application. Much of this new legislation has made great demands on the time of the management, both during the processes of consultation before new measures have been enacted and in the implementation of the new statutory requirements so far as they have affected the Society. All this has added materially to the expense of running the Society's business without, in my view, bringing commensurate benefits to our policyholders, our staff or the public generally. Certainly in regard to the new legislation regulating insurance companies, we believe that a different approach in the legislation could produce a more effective regulatory system at a much less heavy administrative cost than has resulted from the present system, which involves insurance companies supplying to the Department of Trade vast quantities of detailed information about every aspect of their business.

The Society's views on the supervision of insurance companies have been expressed to the Wilson Committee on Financial Institutions as part of the Evidence to the Committee from the Co-operative Movement. This Evidence also expresses our view on the question of the supply of funds to industry and trade. That view is, briefly, that the supply is adequate for companies that are able to use additional finance profitably, and there is no need for the public control of insurance funds or powers of direction of their investments. If the public interest requires that certain companies or particular projects should be supported even though they cannot attract funds in the open market, then the Government should use the methods already available to it so that any financial burden is borne by the community as a whole. We are implacably opposed to the creation of powers of direction of investment, which would lead to our policyholders' funds being used to finance projects that involve a greater risk of loss of capital or a poorer income than other investments available and thus impose a special financial burden on those policyholders, who come mainly from the lower income groups.

The C.I.S. and its policyholders

The C.I.S. is a true co-operative society and is proud to be part of the national and international Co-operative Movement. We take every opportunity to stress the co-operative basis on which we trade. The whole of the share capital of the C.I.S. is owned by the Co-operative Wholesale Society, which consequently appoints the C.I.S. Directors from the members of its own Board. Following the basic principles of co-operation only a fixed and moderate rate of interest is paid on the share capital of the C.I.S. and our business is conducted solely for the benefit of our policyholders, for whom the C.I.S. Directors act as trustees. We seek to offer contracts that meet all the policyholders' insurance needs in the most effective way; to operate the business as efficiently as possible; to invest their funds in the most remunerative areas consistent with the proper degree of security; and to apply all the profits for their benefit.

It was in my first annual report, in 1969, that I was able to announce the introduction of the system of terminal bonuses on life assurance policies becoming claims by death or maturity, which is now a well-established feature of our life assurance business and which in combination with the traditional reversionary bonus system, provides a fairer distribution of profit between policies taken out in different years. By a happy coincidence in this, my last annual report, I am able to announce the introduction of a system of discounts on the premiums payable on the renewal of motor insurance policies by individual policyholders who have insured their vehicles with us for more than a minimum qualifying period. This is a new arrangement that will enable these policyholders to benefit from the surplus that has emerged on this business and I give more details later in this report.

I now come to describe the results achieved in 1977 in each part of the Society's business.

Investments

The prices of stock exchange securities rose substantially during 1977 as a result of the great improvement that took place in the country's financial situation after steps were taken to bring the national finances under firmer control following the sterling crisis in the autumn of 1976. By the end of 1977, the interest returns obtainable on long-dated British Government securities were under 11½ per cent., as compared with 15¾ per cent. at the beginning. The general level of Ordinary share prices increased during the year by over 40 per cent., both in response to the better financial climate and in anticipation of a resumption of growth in the economy which has, unfortunately, not yet materialised.

The property investment market was also active during the year and the interest yields obtainable on investments in the better types of existing tenanted properties fell to levels that could be justified only on optimistic assumptions about the future rate of growth in rents. The development of new properties continued to be restrained by the recent legislation concerning land usage and the taxation of development gains. There was, however, some recovery in activity during the year, particularly in the form of the renovation and improvement of existing properties where the taxation problems that might be associated with a complete redevelopment usually do not arise.

As regards the Society's investments in 1977, there were large additions to the holdings of *British Government securities*, made mostly early in the year by the investment of amounts that during 1976 had been allowed to accumulate on short term deposit because of the uncertainties at that time.

Over the year as a whole about half the new money becoming available for investment in the long term business fund was applied to the purchase of British Government securities, the remainder being invested, in roughly equal proportions, in Ordinary shares and property. The property investments consisted almost wholly of the provision of finance for new developments or schemes of improvement of existing properties and there was a much-increased emphasis on industrial property.

In the general business and other funds, about three-quarters of the new money was invested in British Government and other *fixed interest securities*. The remainder, apart from a modest addition to the property portfolio, was applied to the purchase of ordinary shares.

The total income from investments was materially higher than in 1976, being £67.8 million as compared with £59.5 million. In the long term business fund there was a big increase in the income from British Government securities, which was attributable mainly to the larger size of the portfolio but also to an improvement in the yield on the portfolio. Ordinary share dividends also rose substantially, the higher dividends paid by many companies being an important factor. The increase in the investment income of the general business fund was due, in the *main, to the larger income from* British Government and other fixed interest securities.

One point about the statement of accounts that I should mention concerns the differences between the balance sheet relating to the Society alone and the consolidated balance sheet. These differences arise largely from the incorporation in the latter of the accounts of The Oldham Estate Company Limited, in which the Society has a 52 per cent. interest. The principal *difference is in the figure representing* investments in land and property, which is much larger in the consolidated balance sheet because of the inclusion of the whole of the amount of Oldham's property assets as stated in that company's accounts.

In considering this figure in the consolidated balance sheet it is necessary to have regard to the interest in Oldham of its other shareholders, the amount of which is shown separately in the final item of the consolidated *balance sheet.*

Life Assurance

The premium income on new policies was £23.1 million, securing new sums assured (including the capital value of income benefits) of £729 million and new annuities of £0.5 million per annum. The new premiums were 20 per cent. greater than in 1976, which was itself a good year for new business. This represents a very good performance by the field staff in a year when the *general level of personal incomes* fell in real terms.

The surplus on our life business has again shown an increase and I am pleased to announce improvements in our terminal bonuses which will result in substantial increases in the amounts payable on policies becoming claims by death or maturity before the next bonus declaration takes effect.

CIS terminal bonuses do not depend directly on the level of market values of investments which are determined by the prices at which sales and purchases take place, but reflect primarily the increase in the net asset values of the numerous companies and properties in which we invest. These values again increased during 1977 and consequently we have been able to make further significant improvements in our rates of terminal bonus. In the Ordinary Section the terminal bonus varies from 0.5 per cent. of the participating sum assured for *assurance policies with four complete* years' premiums due and paid to 91.5 per cent. for policies with 48 or more complete years' premiums due and paid. In the Industrial Section the terminal bonus under the main tables varies from 0.4 per cent. to 69.5 per cent.

Rates of reversionary bonus are maintained at 4.00 per cent. for assurances and 7.00 per cent. for pension annuities and retirement benefits in the Ordinary Section and at 2.50 per cent. on the main tables in the Industrial Section.

The appropriate combination of reversionary and terminal bonuses is to some extent a matter of opinion. At the CIS we consider that it is appropriate at present to place the emphasis on the terminal bonuses, thereby giving those whose policies become claims during the next twelve months a greater benefit than if the emphasis were placed on the reversionary bonus. Giving higher benefits on these policies seems appropriate in view of the caution which was necessarily exercised in the declaration of reversionary bonuses in the long period of economic uncertainty that we have been passing through. We feel that the flexibility of our system of combining reversionary and terminal bonuses means that we can continue to give a fair return on all policies becoming claims.

Motor Insurance

The premium income increased from £43.0 million in 1976 to £46.7 million in 1977, a rise of £3.7 million compared with the rise of £6.2 million reported last year, and the account shows an underwriting profit of £3.5 million.

I have referred in earlier reports to the fact that motor insurance premium rates have to be fixed well in advance of the claims which they have to meet. The wide fluctuations in the rate of inflation in recent years have shown how difficult *it can be to decide* upon the appropriate level of premiums to charge. The policy of the C.I.S. has been, and will continue to be, to take a suitably cautious view of the future, since our most important function is to provide *security and* we have no intention of jeopardising that security by charging premiums which carry a material risk of proving inadequate.

Our practice of charging premiums determined on a *cautious basis means that when* there is a substantial fall in the rate of inflation, as has occurred recently, the motor account shows a considerable surplus. Since we are a co-operative organisation operating for the benefit of our policyholders we have thought it desirable to introduce a system which will benefit those policyholders whose premiums have substantially contributed to the surplus.

The benefit this year will be granted on all individual policies for motorists who have been insured with us for at least three years and whose policies fall due for renewal between 1st July 1978 and 30th June 1979. It will take the form of a discount, under our well-established *"points rating system,"* equivalent to one point (just under 6%). For the policyholders who qualify, this discount will substantially mitigate the increase in motor premium rates which, because of continuing inflation and generally rising costs, we *are having to make from 1st* July 1978, fifteen months after our last increase in rates.

In order to make provision for the effect of this new discount, which can be expected to vary from year to year, we shall be retaining an additional sum within the motor account. The amount retained as at the end of 1977 is £1.7 million.

Property Insurance

The premium income increased from £26.7 million in 1976 to £33.2 million in 1977, a rise of £6.5 million compared with the rise of £5.0 million reported last year. The account shows an underwriting loss of £1.0 million, although this is after the provision of £1.5 million for the reinstatement of the claims *equalisation reserve, which was* fully absorbed in 1976.

Last year I referred to the big increase in the number of claims for damage caused by subsidence, following the exceptionally dry summer of 1976. Subsidence claims continued to come in at a high rate in the early part of 1977 but the position has since improved. There were several periods of heavy storms during 1977, the most severe being those which produced extensive flooding in north-west England in November. Theft from domestic property has continued to increase and has now reached a disturbingly high level.

Other Classes of Non-Life Business

The premium income from the remaining classes of non-life business increased from £9.4 million to £10.8 million and these classes produced an underwriting profit of £0.3 million.

Reserves

The general reserve, which at the end of 1976 stood at £30.6 million, has been increased by transfers of £2.4 million from the long term business fund and £5.5 million from the profit and loss account, thus producing a reserve as at the end of 1977 of £38.5 million. The total free reserves have increased from 41 per cent to 49 per cent of general business premium income.

Board and Management Changes

During the year Mr. A. E. F. Lovick retired from the Board of Directors and Mr. K. A. Tailby was appointed to replace him. Mr. Lovick has served the Co-operative Movement with distinction for over 50 years, and, in fact, continues to serve it as Chairman of the Cumbria Society. He had two periods of office as a Director of the C.I.S., amounting in all to 26 years, and for four years was Chairman of the Society. We are glad to have had the benefit of his wise counsel and thank him warmly for *his services to the* C.I.S. We extend a hearty welcome to Mr. Tailby who will, I am sure, make a valuable contribution to the conduct of the Society's affairs.

Mr. G. F. Richardson, Agency Manager, retired on April 15. Mr. Richardson joined the Society as a full-time agent in 1935 and, after the war, progressed rapidly to become Deputy Agency Manager in 1957 and Agency Manager in 1963. His 15 years as Agency Manager have covered a period of wide changes in the organisation of our field staff and their systems of work and have seen the evolution of the sales training schemes to which I have alluded earlier in this Report. He has played an outstanding part in these developments and *his boundless energy and infectious* enthusiasm have been an inspiration to his colleagues and to all who have served under his leadership. We thank him for his great contribution to the progress of the Society and extend our *warmest good wishes for a happy* retirement. He is succeeded by Mr. N. C. F. Allen who was previously Personel and Development Manager (Field Staff).

Conclusion

I approach the end of my period of service with some natural regrets at ending what has been an absorbing and challenging occupation but also with some modest satisfaction at the sound position of the Society.

The economic upheavals of the past few years resulted in one of the most difficult periods that the Society has experienced in its long history and it says much for those engaged in its affairs that it has emerged from these trials with its financial strength *and ability to provide an efficient* service to its policyholders not only unimpaired, but, in many ways considerably improved.

It is with pleasure, therefore, that I express to my colleagues on the Board, including all those who have served with me over the years, my sincere appreciation of their loyal support, and to the management and staff my grateful thanks for all their endeavours. To Mr. H. Seeley, Chief General Manager, in particular, to Mr. A. Duval, General Manager and Actuary, and to Mr. A. Cochrane, Secretary and Investment Manager, with each of whom I have been closely associated during the whole of my period of office, I wish to express my special appreciation of their invaluable efforts on the Society's behalf. I also wish to acknowledge the loyal support which retail societies have given to their own insurance society. In conclusion let me say that I *have every confidence in the* future successful development of the Society under the leadership of my successor."

The report and accounts were adopted.

Tide turns against Alginate

PROFIT margins on exports which accont for three-quarters *of total sales at Alginate Industries*, fell sharply in the latter part of 1977 because of the strength of sterling. This combined with static demand depressed the group's taxable earnings in the second half from £1.78m. to £1.04m. leaving the full-time total marginally down at £2.8m., against £2.97m.

Sales by the group, which produces and sells alginate products extracted from seaweed, were ahead from £15.52m. to £16.74m. with the exports content at £13.01m. (£12.17m.).

Although both factors affecting last year have continued into 1978, there has recently been some improvement in U.K. orders and the exchange rate, the directors state.

Earnings per 25p share are shown higher at 34.77p (32.97p) after tax lower at £872,000 (£1.14m. restated) reflecting a change in the treatment of deferred tax in accordance with ED 19. The net total dividend is lifted to 13.9615p (12.5p) with a final of 9.4938p. There was a waiver on £1,000 (£12,000).

Thomson T-Line falls into the red

Following a downturn from £90,290 to £58,965 in mid-term profit, Thomson T-Line Caravans incurred a loss in the second six months, to end 1977 with a pre-*tax deficit of £23,460, compared* with a £160,772 surplus last time. Turnover declined from £3.78m. to £3.54m.

At the interim stage, the directors said that the lower profit was mainly due to a severe downturn in touring caravan sales *during May and June. However,* improved design and specification changes had been introduced to the new season's range of caravans and they were confident that 1978 would bring an increase in the company's share of the market and more satisfactory results.

After a tax credit of £2,184 (£75,894 debit), the full year loss per share is shown as 1.31p (earnings 5.25p). A final dividend of 1.65p net steps up the total from 3.25p to 3.3p—Bantaskin Investments have waived their right to *participate in payments for 1977* in respect of 600,000 shares.

Spillers accounts deferred

In order that the 1977-78 annual accounts of Spillers should reflect the company's withdrawal from bread-baking, the AGM normally held in mid-June has been *deferred until July 26.*

The company intends to post its report and accounts on or about July 3, at which time further details of the closure of the bakeries will be given.

So that holders may receive the dividend payment on July 3, a *second interim of 0.535p net is to* be paid on that date, in lieu of the final already announced.

£1.77m. from Clyde Petroleum

Trading profits for 1977 of Clyde Petroleum came to £1.98m. compared with £1.76m. for the previous 15 months, but after realised exchange losses of £201,000 (£1.43m. gains), pre-tax profits were £1.77m. against £3.17m. At midway profits stood at £329,000.

With tax taking £964,000 (£953,000); unrealised exchange losses of £173,000 (£80,000 gains), *minority losses of £132,000* (£65,000 profits) and extraordinary debits, nil (£679,000), the attributable balance is £760,000 (£2.92m.). Turnover came to £11.23m. (£35.28m.).

An initial dividend of 1p net per £1 share costs £69,000, and £0.7m. (£2.92m.) is retained.

The directors point out that a true comparison of the results is influenced by the substantial change in the nature of the group's Ecuadorian business.

As well as a possible participation in three North Sea wells, Clyde has broadened its interests onshore with the award of four exploration licences in the south of England and with the acquisition of a company holding interests in several production licences.

The U.S. is seen as an attractive area for coal mining and a subsidiary is being formed there. In the U.K. a limited expansion and diversification of the existing coal mining interests is under way.

Substantial progress has been made towards agreeing the outstanding balances with CEPE (the Ecuadorian State oil company) *and in resolving other uncertainties* although the accounts have again been qualified for these reasons.

The group's objectives are being actively pursued on a wide front and the Board is confident that a foundation has now been laid for a steadily increasing cash flow which will support the demands of a continuing exploration programme both in the North Sea and elsewhere.

Meeting, Glasgow, on May 19 at noon.

Spear & Jackson holds £1.4m. as trading slows

ADVERSELY affected by the appreciation of sterling, a slowing in the inflation rate and lower than anticipated activity, particularly in the handtools company, taxable earnings at Spear and Jackson International slowed down sharply in the second half of 1977 from £1.03m. to £348,000. Full-year profit finished marginally lower at £1.37m., against £1.41m., on sales up £1m. at £38.94m.

In the opening months of 1978 the handtools company has shown a *marked* improvement in both margins and profits and for the group as a whole, first quarter management accounts indicate satisfactory profits, Mr. Stephen de Bartolomé, the chairman, states.

Interest paid in 1977 was reduced for the second year in succession, and amounted to £814,000 (£880,000). At year end borrowings were £1.12m. lower, group gearing was reduced from 93 per cent. to 89 per cent. and working *capital ratios* were further enhanced, he says.

After tax of £617,000 (£706,000) stated earnings per 25p share were maintained at 11.8p (11.5p) and, as forecast at the time of the 1976 takeover bid for the group, a net final dividend, held at 5.8p, raises the total with Treasury permission to 9.375p (7.38p).

The majority of the group's overseas subsidiaries expanded profitability. Analysis of contribution to profit by company shows, with £000s omitted: tools £298 (£914); Industrial £652 (£500); Canada £205 (£20); U.S. £498 (£345); Australia £220 (£389); Ateliers de Mécanique du Velay £441 (£266) and A. B. Stridsberg and Biorck (six months results) loss £193 (£378). Less central charges of £756 (£645).

Mr. de Bartolomé says that it is not practicable to quantify precisely what effect exchange rate changes had on the company's export trade but with exports averaging about £600,000 a month a drop of even 5 per cent. margin amounts to £90,000 in three months. The fall in the inflation rate affected *margins* because of the time lag between raw material purchase and sale of finished products.

For the tools company *the anticipated* consumer expenditure recovery in the retail trade did not occur and orders were for delayed in the first quarter of 1978. Home market orders for the first quarter of the current year are 32 per cent. up, but export margins and volumes are still low, though there are some modest signs of improvement.

The industrial company in Sheffield, which makes steel and cutting tools for the wood and metal-cutting industries, had a very good first half, but price competition in the second half intensified and profit margins were halved compared with the first six months. Steps to deal with this situation have been taken and although this deteriora-*tion continued into* the first two months of 1978, there has been a sharp recovery in March, the chairman says.

The company in Canada, which makes cutting tools for the lumber industry, had an excellent year with profits in the second half year up by *40 per* cent. over the first half, and these results are continuing into this year with first quarter profits well ahead.

It was a record year for the U.S. company, which also makes cutting tools for the lumber industry. *Order* intake since year end has remained buoyant but profits have been affected by the severe winter which caused customers to delay shipments. With the recent improvement in weather, there is now evidence of a fast turnaround he says.

The Australian company, now largely selling imported products from Japan and Europe, had a poor year with profit margins almost halved, and there are, as yet, no signs of any real improvements. However the French subsidiary which specialises in the manufacture of metal-cutting tools, had a very good year with pre-tax profits substantially up.

● comment

Spear and Jackson has taken a lot of stick for its failure to achieve the forecast—made last April, and repeated in September — of a material profits improvement, but the preliminary statement indicates that the group may now *be getting* back *on course.* As indicated in December, pre-tax profits fell back in 1977 due to a collapse in the second half to £348,000 against more than £1m. in the same period of 1976 (not counting substantial extraordinary debits). The blame is placed partly on a sudden drop in orders for han dtools in the autumn, leading to a second half loss on this side. Elsewhere U.K. industrial profits also suffered from a severe margins squeeze, while the appreciation of sterling between June *and December devalued overseas* subsidiaries' profits, as expressed in sterling, by some £134,000. Suddenly hand tool sales have started to boom again, however—so fa rthis year turnover in this division is 40 per cent. ahead of last year—and the general pattern in the current year appears to be satisfactory. Understandably there is no specific forecast, but at 130p the shares are supported by a yield of 11.5 per cent., albeit thinly covered last year.

Hopkinsons lower at £4.3m.

DESPITE A recovery in second half earnings from £2.36m. to £2.58m., taxable profit of Hopkinsons Holdings ended the year to January 27, 1978, down from £4.36m. to £4.28m.

At *halfway the improvement* was predicted, but the directors did not expect that last year's record level would be matched.

Turnover climbed from £32.91m. to £35.44m., and the result came after bank interest less investment income of £208,000 *(£386,000). After tax of £2.25m.* (£2.28m.) net attributable profit was £2.02m. (£2.09m.).

Earnings per 50p share of the manufacturer of boiler mountings, valves, etc., are shown at 17.92p against 18.48p.

The final dividend of 3.71p takes the total from 4.58147p to 5.06p net, and will absorb £415,520.

European Ferries ends near double at £21.8m.

OLLOWING on the first-half mp in taxable earnings from 7m. to £7.05m., European rries reports growth continuing the second six months, lifting full year total for 1977 from 7m. to a record £21.77m. nover expanded by £34.34m. 27.9m.

September the directors said margins of the shipping ion showed an improvement to an increase in Continental ating tourist traffic, higher mercial freight tariffs and ovement of viability on new . The interim figures uded the results of Felixstowe and Railway Company, ired in March 1976, for the time. English and Caledonian stment Company was acquired ay 1977.

erating profit for the year £21.72m. (£11.06m.) including an insignificant amount of hange gains whereas the vious year's gains reached 7m., the directors point out.

Stated earnings per 25p share ched 20.8p (12.6p) and as recast at the time of the May quisition, the total net dividend stepped up to 2.8p (1.995894p) increased capital with a final 1.8p.

There were extraordinary edits this time of £450,000 compared with debits of £8.62m. ese items comprised profits on eign currency loans of £3.31m. sses £12.93m.) of which £318,000 1.3m. loss) was realised; proion to reduce book value of k carrier to market value m. (nil); profit on sale of craft £1.11m. (nil); excess cost shares in English and ledonian over the realised lue of the portfolio £982,000 il); net losses on realisation d provisions on fall in value of oted investments £801,000; and her profits of £251,000 86,000). Last time there was profit on sale of ships of £4.14m. The group has got off to a good art in the current trading riod.

Mr. Keith Wickenden the chairman said later: "Things have started extremely well. Bookings are up significantly."

He stressed however that the group would have to do well on volume as fares had been pegged until the end of the year. In addition Felixstowe could not do much better than last year because it was "bursting at the seams," but three giant container handling machines, to be delivered during 1978, would raise container handling capacity at the port by 50 per cent. Three further machines are due by the end of 1979.

A breakdown of 1977's results shows profits of around £16m. from shipping, compared with £7.8m. Harbours turned in a total of £2m. (£1.5m.) and the property and financial services operation produced around £4m. against just £20,000.

After higher provisions for depreciation, major maintenace and dredging at £1.25m., against £776,800, Felixstowe Dock and Railway Co., a subsidiary of European Ferries, shows pre-tax surplus for 1977 ahead from £804,500 to £1.55m.

With tonnage handled up at 4.66m. (3.32m.) tonnes turnover improved to £13.42m. (£8.12m.)

Earnings per £1 share are stated at 43.74p (23.04p). No final dividend is to be paid. The company's Stock Exchange listing was cancelled for Ordinary stock at the company's request in August 1977 as the market capitalisation and shareholding position was inadequate for a market to be maintained.

See Lex

PRESSAC SCRIP

Pressac Holdings is proposing a scrip issue of 400,000 of £1 10½ per cent. Cumulative Preference shares.

It is inteded that the issue be made out of the company's reserves and in order to complete the issue it is necessary to increase the authorised capital to £1m., which will leave £200,000 unissued after the scrip.

An egm is called for May 22.

Automated Security advances

ON TURNOVER of £3.24m. compared with £2.33m., taxable profit of Automated Security (Holdings) rose from £335,134 to £506,896 in the year to November 30, 1977.

At halftime, profit was £46,000 higher at £160,000, and profits of not less than £0.45m were forecast in January.

After tax of £55,666 (£28,852) attributable profit for the year was £451,230 (£278,715). Last year there were extraordinary flotation costs of £27,767.

Directors say 1977 was another year of solid progress with improvements in all areas of operation, especially in the continued build-up of recurring rental income, which increased 40 per cent. to £986,000.

Results do not include the Brocks Security division acquired this year, but directors say the purchase will make the group the largest operator of security alarms in the U.K. Combined recurring rental income for the current year should be in excess of £2.5m.

They say they look to the future with confidence from a stronger trading and balance sheet position.

Earnings per 10p share are shown at 5.51p against 3.74p. As forecast, a final dividend of 0.825p takes the net total to 1.32p compared with 0.65p previously.

Exchange loss hits Foseco

AN EXCHANGE loss coupled with the continuing worldwide recession in the steel industry resulted in a fall in pre-tax profit of Foseco Minsep from a peak £15.96m. to £14.32m. for 1977, on external sales of £174.89m. against £165.43m. At halfway, the surplus was down £0.35m. at £7.74m.

The strengthening of the pound against many other currencies had an adverse effect on the sterling value both of the group's overseas companies' profits and of royalties and dividends remitted to the U.K. from overseas, say the directors. Had 1976 exchange rates been used, 1977 taxable profit would have been increased by £1.16m.

The directors state that although the results are disappointing, they hide strong performances by the Foseco Foundry, Forsroc and Fosmin sectors.

A divisional breakdown of sales and profit shows (in £000's): Foseco £130,781 (£132,190) and £12,190 (£13,880). Fosroc £33,293 (£24,507) and £3,359 (£2,596) and Fosmin, including Fosnur, £10,912 (£8,730) and £923 (£646) respectively.

After tax of £6.4m. (£7.27m.), minorities and preference dividends, yearly earnings per 25p share are given as 15.7p (16.9p). A final dividend of 2.6861p raises the total from 4.0971p to 4.3761p net, costing £2.1m. (£1.88m.).

Extraordinary debits of £2.71m. compared with £1.68m. credits, comprise exchange deficits of £2.61m. (£1.92m. gains) on the translation of balance sheet items and a £100,000 (£243,000) loss on the sale or closure of subsidiaries.

The balance sheet shows fixed assets including goodwill at £39.61m (£34.9m.) for 1977. Cash and short-term deposits were £8.91m (£11.45m.) and overdrafts £11.17m. (£8.48m.).

The group manufactures chemical and other products for the metallurgical, construction and water treatment industries.

● comment

The worldwide recession in the steel industry has had a bigger impact on Foseco Minsep's 1977 earnings than was expected at the interim stage. Second-half pre-tax profits are down 15 per cent., against a 5 per cent. downturn in the firlst six months. Adverse currency movements have also taken a heavy toll: on 1976 exchange rates pre-tax profits would be £1.8m. better. The most difficult areas for overseas trading have been Japan, France and the U.S. Profits on the construction side are almost 30 per cent. up at £3.3m., though heavy start-up costs have knocked the profit margin by half a point.

But 1978 should be a lot better with sterling moving the right way an dpreliminary figures for world steel production showing 1 per cent. growth, while the output in the U.S. is 6 per cent. ahead. So 1978 pre-tax profits could be around £16½m., which still puts the shares at an above average p/e of about 8.5, fully taxed, at a share price of 142p, where the yield is 4.9 per cent.

Fuller Smith & Turner

Fuller Smith and Turner, the independent Chiswick brewer, announces that it has issued to Eagle Star Insurance Company £750,000 of a new 13½ per cent. debenture stock 1998 at par. Fielding Newson-Smith and Co. were the brokers involved. The money will primarily be used to finance the next stage of brewery redevelopment to meet the continuing growth in trade.

Jessel, Toynbee & Co. Limited

Bill Brokers and Bankers

Preliminary Statement

The profit, which is a record, is stated after providing for rebate, taxation, and all expenses, and after a substantial transfer to reserve for contingencies.

	1977/78	1976/77
	£	£
Net profit	1,299,448	1,0[illegible]1,170
Transfer to general reserve	500,000	500,000
Ordinary dividends		
Interim paid	92,330	73,863
Final proposed	338,718	312,074
Balance carried forward on profit and loss account	919,944	551,544

The proposed final dividend is 12.84% making a total net distribution of 16.34% on the capital as increased by the bonus issue made in June last year. This is the maximum permitted.

There is to be a 1 : 4 bonus issue to be effected by using the balance of the share premium account and transferring £169,919 from the profit and loss account. If it were not for dividend restraint it would have been the intention of your directors to pay a final dividend of 15% both on the existing capital and on the additional share issue proposed above.

The annual general meeting will be held on Wednesday, 14th June 1978 at 3.00 p.m. The proposed final dividend will be paid on 15th June 1978 to all shareholders on the register at 15th May 1978.

	5th April 1978	5th April 1977
	£	£
Capital and reserves	6,160,246	5,291,846
Loans and deposits etc.	259,343,880	272,064,356
	£265,504,126	£277,356,202
Leasehold premises	Nil	16,300
Cash at bank and amounts receivable	410,377	[illegible]
British Government treasury bills	80,936,734	110,[illegible],730
Commercial and other bills		
Sterling	116,742,470	75,255,655
U.S. dollars	2,721,437	230,586
Sterling certificates of deposit	29,181,273	40,344,257
U.S. dollar certificates of deposit	10,734,285	15,1[illegible],749
Loans and deposits	3,360,000	1,000,000
British Government and corporation securities, local authority bonds and other investments: Quoted	9,497,488	17,065,223
Unquoted	12,980,062	17,739,666
	£265,504,126	£277,356,202

26th April 1978

Gerrard & National

DISCOUNT COMPANY LIMITED

Preliminary Statement

April 26, 1978

Accounting period	Year ended April 5, 1978	Year ended April 5, 1977
GROUP PROFIT:		
The Company after providing for taxation and a transfer to Inner Reserves	£4,603,000	£3,150,000
Subsidiary companies after providing for taxation and minority interests	£1,105,000	£260,000
	£5,708,000	£3,410,000
PROPOSED FINAL DIVIDEND on each Ordinary share of 25p	4.171p	4.816p
Already paid	4p	2.5p
Making a total of	8.171p	7.316p
Equivalent to	[illegible]% (gross)	45.02% (gross)
Amounts absorbed:	£000	£000
i. By preference dividends paid	8	8
ii. By ordinary dividends paid	1,234	1,095
iii. Increase in consolidated carry forward	4,466	2,307

Transfer to General Reserve: £2,000,000 (1977: £500,000) has been transferred to General Reserve from the Inner Reserves which, after this transfer, now stand at a higher figure than ever before.

The proposed dividend on the Ordinary shares of 25p each which will be paid to shareholders on the Register at the close of business on May 19, 1978, is the maximum permitted under current legislation.

Silentnight Holdings Ltd

DIVAN BEDS, UPHOLSTERY AND FURNITURE

Record Results

		Jan 1978 £000's	Jan 1977 £000's	Percentage Increase
Turnover		38,428	30,469	+26%
Profit before Tax		3,230	2,728	+18%
Tax		415	260	+60%
Earnings per Share	Before Tax	32.3p	27.3p	+18%
	After Tax	28.2p	24.7p	+14%
Dividend per Share (Maximum Permissible)		4.00p	3.64p	+10%
Dividend Cover		5 times	5 times	

Copies of the 1978 Annual Report available after June 2nd from Company Secretary, Silentnight Holdings Ltd., Silentnight House, Salterforth, Colne, Lancashire BB8 5UE.

COUNTER-INFLATION ACT 1973

The Treasury have given consent to the declaration by the following companies of dividends of the total amounts specified for the financial years ending on the specified dates:

Davies & Metcalfe Ltd.	Romiley	£45,000	31.12.77
BTR Ltd.	London, SW1	£7,580,393	31.12.77
London & Manchester Assurance Company Ltd.	London, EC2	£2,164,917	31.12.77
Pye Holdings Ltd.	Cambridge	£2,655,735	31.12.77
Midland Bank Ltd.	London, EC2	£30,402,639	31.12.77
Watmoughs (Holdings) Ltd.	Bradford	£198,588	31.12.77
Bemrose Corporation Ltd.	Derby	£651,738	31.12.77
Sale Tilney & Company Ltd.	London, SW1	£352,831	30.11.77
Thomas Tilling Ltd.	London, W1	£13,766,178	31.12.77
The Expanded Metal Co. Ltd.	London SW1	£1,134,818	31.12.77
Warne Wright & Rowland Ltd.	Birmingham	£411,320	31.12.77
Kode International Ltd.	Calne	£308,294	31.12.77
H. Brammer & Co. Ltd.	Altrincham	£930,104	31.12.77
H. & J. Quick Group Ltd.	Manchester	£133,000	31.12.77
Hepworth Ceramic Hldgs. Ltd.	Sheffield	£6,291,572	31.12.77
R. Cartwright (Holdings) Ltd.	Willenhall	£223,236	31.12.77
F. J. C. Lilley Ltd.	Glasgow	£616,163	31. 1.78
Watts Blake Bearne & Co. Ltd.	Newton Abbot	£548,224	31.12.77
Guest Keen and Nettlefolds Ltd.	Warley	£35,685,372	31.12.77
United Biscuits (Holdings) Ltd.	Isleworth	£9,635,026	31.12.77
Ward White Group Ltd.	Wellingborough	£262,161	31.12.77
Glynwed Ltd.	Birmingham	£7,973,336	31.12.77
Lyon & Lyon Ltd.	Knottingley	£290,909	31.12.77
Rockware Group Ltd.	Greenford	£1,759,054	1. 1.78
Spirax-Sarco Engineering Ltd.	Cheltenham	£1,339,823	31.12.77
The Tharsis Sulphur & Copper Co. Ltd.	Glasgow	£260,000	31.12.77
Empire Stores (Bradford) Ltd.	Bradford	£1,988,636	28. 1.78
Stanley Gibbons Intnl. Ltd.	London, WC2	£306,604	31.12.77

Published by the Treasury as required by the above Act.

COMPANY NOTICES

ALGEMENE BANK NEDERLAND N.V.

Incorporated in The Netherlands with limited liability

Final dividend for the year 1977

At the Annual General Meeting held on 27th April, 1978 a final dividend of Dfls. 12.00 per share was declared payable, at the option of the shareholders in shares and cash or wholly in cash, as from 11th May, 1978.

Shareholders opting for the shares and cash alternative would be entitled to a share premium bonus of 2½%, together with Dfls. 5.50 in cash against presentation of coupons 36 and 37. They will thus receive one additional ordinary share of Dfls. 100.— for each 40 coupons No. 37 from the ordinary shares or 4 coupons No. 37 from certificates of 10 ordinary shares presented at the following offices:

Baring Brothers & Co. Ltd.,
88, Leadenhall Street
London, EC3A 3DT
Algemene Bank Nederland N.V.
61, Threadneedle Street
London, EC2P 2HH
Algemene Bank Nederland N.V.
61 King Street
Manchester, M2 4PD

New share certificates may be distributed in the form of CF-certificates or as K-certificates with coupons 38 and following and talon attached.

Stock options not exercised by 31st July, 1978, will be sold and the proceeds held for distribution to holders of coupons No. 37 not presented for payment by that date.

Shareholders opting for cash will be entitled to cash payments of Dfls. 5.50 and Dfls. 6.50 per share against coupons 36 and 37, respectively.

U.K. residents who are liable to U.K. taxes on dividends paid to them and who do not carry on a trade or business in The Netherlands through a permanent establishment situated therein, may have Netherlands dividend tax reduced from 25% to 15% if the coupons are accompanied by a completed form 92VK, which may be obtained at either of the above mentioned offices.

Amsterdam, 27th April, 1978. THE MANAGING BOARD.

INTERCOM

SOCIETE INTERCOMMUNALE BELGE DE GAZ ET D'ELECTRICITE

Société anonyme

Registered Office: place du Trône 1, Brussels, Belgium.

The Board of Directors decided on April 10th, 1978, to propose at the annual general meeting of shareholders, which will be held on May 19th, 1978, the maintenance of capital remuneration for the financial year 1977 by distribution of a net dividend equal to that of the previous year.

As already announced, the dividend for 1977, net of Belgian withholding tax, would be fixed at BF 142 for the old shares and at BF 94.66 for the new shares entitled to dividend right as from May 1st, 1977.

HORNE BROTHERS LIMITED

NOTICE IS HEREBY GIVEN that the Transfer Books of the Company will be closed from the 17th to 31st May, 1978, both days inclusive for the payment of 6 months interest to 31st May, 1978, on the 7¼% Unsecured Loan Stock 1995/2000 and a Dividend of 2.45% on the 7% Cumulative Preference Shares for the half-year to 28th February, 1978.

By Order of the Board.
R. H. L. BUCKLEY, Secretary.

SWENSKA TANDSTICKS AKTIEBOLAGET (THE SWEDISH MATCH COMPANY)

Stockholm, Sweden

The Annual General Meeting of the Company will be held on Tuesday, May 9, 1978, at 3.00 p.m. in the conference room at the Central Office of Skandinaviska Enskilda Banken, Sergels Torg 2 Stockholm.

To be entitled to take part in the proceeding at the General Meeting, the Shareholder must be recorded on the Company's share register on Friday, April 28, 1978, at the latest and also give notice to the Board on Friday, May 5, 1978, 4.00 p.m. at the latest, under the address Svenska Tändsticks Aktiebolaget S-103 22 Stockholm.

Stockholm in April, 1978
The Board of Directors.

UNILEVER N.V.

CERTIFICATES FOR ORDINARY SUB-SHARES OF FL.12 ISSUED BY N.V. NEDERLANDSCH ADMINISTRATIE- EN TRUSTKANTOOR

NOTICE IS HEREBY GIVEN that EXCHANGES of Sub-Share Certificates in the name of Midland Bank Executor and Trustee Company Limited, now Midland Bank Trust Company Limited for Bearer Certificates and Unilever N.V. New York Shares and vice versa will be suspended from 12th May, 1978, to 25th May, 1978, inclusive.

Certificates will only be accepted for exchange after 25th May 1978, provided that all dividends declared prior to that date have been claimed.

N.V. NEDERLANDSCH ADMINISTRATIE- EN TRUSTKANTOOR
London Transfer Office,
Unilever House,
Blackfriars,
London EC4P 4BQ.
25th April, 1978.

UNILEVER N.V.

Rotterdam, The Netherlands

ANNUAL GENERAL MEETING OF SHAREHOLDERS

On Wednesday, May 17, 1978, at 10.30 a.m. in the "Kleine Zaal" of the "Concert-en Congresgebouw de Doelen, entrance Kruisplein 30, Rotterdam.

AGENDA

1. Annual Report for 1977.
2. Approval and adoption of the Balance Sheet and the Profit and Loss Account for 1977 and adoption of the proposed Profit Appropriation for 1977.
3. Appointment of the Board of Directors.
4. Appointment of Auditors.
5. Questions.

This agenda, the Annual Report for 1977 including the Balance Sheet, the Profit and Loss Account, the proposed Profit Appropriation and the nominations relating to items 3 and 4 of the agenda are available for inspection by shareholders and holders of certificates issued by N.V. Nederlandsch Administratie- en Trustkantoor at the Company's office, Rotterdam, and at the offices of the banks mentioned below, where copies may be obtained free of charge.

(A) Holders of bearer shares or sub-shares wishing to attend the meeting either in person or by proxy appointed in writing must deposit their share certificates and sub-share certificates by Wednesday, May 10, 1978, at the Company's office or at the offices of the Amsterdam-Rotterdam Bank N.V. in Amsterdam, Rotterdam or The Hague, of the Kredietbank in Antwerp, the Generale Bankmaatschappij or Bank Brussel Lambert in Brussels, of Midland Bank Limited in London, or any of its branches, of Banque Rothschild in Paris, of the Dresdner Bank A.G., or the Deutsche Bank A.G. in Hamburg, Düsseldorf, Frankfurt-am-Main, or Munich, or the Bank für Handel und Industrie A.G., or the Berliner Disconto Bank A.G. in Berlin, of the Creditanstalt-Bankverein, the Oesterreichische Länderbank Aktiengesellschaft or Schoeller & Co. in Vienna or any of their branches, of the Schweizerischer Bankverein (Swiss Bank Corporation), the Schweizerische Kreditanstalt (Swiss Credit Bank) in Zurich, Geneva, Basle or Lausanne or of Morgan Guaranty Trust Company of New York in New York City. Upon production of the receipt then issued to them such holders will be admitted to the meeting.

(B) Holders of registered shares, certificates for which are countersigned by Morgan Guaranty Trust Company of New York, New York, wishing to attend the meeting either in person or by proxy appointed in writing must notify the Company of their intention on the form provided by the Company (or by letter, stating the numbers of their share certificates) which must reach Morgan Guaranty Trust Company of New York, 30, West Broadway, New York, N.Y. 10015, by Wednesday, May 10, 1978.

(C) Holders of registered shares for which certificates have been issued in another form and holders of booked shares wishing to attend the meeting either in person or by proxy appointed in writing must notify the Company of their intention by letter, stating the numbers of the share certificates or of the bookings for the shares, which must reach Unilever N.V., Afdeling Effecten en Coupons, Rotterdam, by Wednesday, May 10, 1978.

(D) Holders of certificates for shares in Unilever N.V. issued by N.V. Nederlandsch Administratie- en Trustkantoor of Amsterdam ("Nedamtrust certificates") wishing to attend the meeting without taking part in the voting must deposit such certificates by Wednesday, May 10, 1978, at any of the offices mentioned in (A) above. Upon production of the receipt then issued to them, such certificate holders will be admitted to the meeting.

(E) If holders of the certificates mentioned in (D) above wish to exercise voting rights at the meeting either in person or by proxy appointed in writing, N.V. Nederlandsch Administratie- en Trustkantoor will exchange such certificates free of charge for original shares, which it will hold in the names of such holders at its own office (such office being the designated place of deposit in the event) and exchange the same again after the meeting free of charge for Nedamtrust certificates to be issued to such holders in accordance with the conditions of administration. For such purpose holders must by Tuesday, May 9, 1978:

surrender their certificates for Fl.20 or a multiple thereof (but, in the case of certificates for 7% cumulative preference shares, representing a total nominal amount of Fl.1,000 or a multiple thereof) to N.V. Nederlandsch Administratie- en Trustkantoor, Keizersgracht 558, Amsterdam, and/or

surrender their sub-share certificates for Fl.12 nominal amount or multiples thereof, representing a total nominal amount of at least Fl.60 per class (but, in the case of sub-share certificates for 7% cumulative preference shares, representing a total nominal amount of Fl.1,000 or a multiple thereof) to Midland Bank Limited, Mariner House, Pepys Street, London EC3N 4DA, or any of its branches.

The certificates so surrendered must be accompanied by a request in writing as described in the conditions of administration, forms for this purpose being obtainable free of charge from N.V. Nederlandsch Administratie- en Trustkantoor, Amsterdam, and Midland Bank Limited, London. Upon production of the receipts then issued by N.V. Nederlandsch Administratie- en Trustkantoor and Midland Bank Limited respectively the holders will be admitted to the meeting.

The receipt issued by Midland Bank Limited for sub-share certificates so surrendered incorporates a two-way proxy form.

THE BOARD OF DIRECTORS.
Rotterdam, April 26, 1978.

PUBLIC NOTICES

METROPOLITAN BOROUGH OF BURY

£2m. Bills issued 26 April 1978 due 26 July 1978, at 7¼% per annum. Applications £12.5m. These are the only Bills outstanding.

KNOWSLEY DISTRICT COUNCIL

£1,000,000 Bills issued 26.4.78 at 7¼% to mature 26.7.78. Total applications £7m. Total outstanding £1m.

HALTON BOROUGH COUNCIL

£825,000 Halton Borough Council Bills issued 26th April, 1978, due 26th July 1978, at 7.125%. Applications totalled £4,125,000. £825,000 Bills are outstanding.

BOND DRAWINGS

GERMAN GOVERNMENT INTERNATIONAL 5½ PER CENT LOAN, 1930, STERLING BONDS

NOTICE IS HEREBY GIVEN that the following Conversion Bonds amounting to £240,400 nominal of the above-named [illegible]

[illegible]

A BONDS OF £100 EACH

11785	11807	11856	11860	11871
11884	11890	11892	11944	12072
12105	12135	12151	12176	12247
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8249	8272	8306	8370	8412
8436	8439	8487	8563	8626
8713	8719	8730	8824	8882
8932	8971	8977	8998	9033
9062	9179	9229	9240	9252
9320	9350	9469	9499	9517
9530	9545	9568	9607	9753
9791	9820	10009	10049	10075
10087	10248	10254	10398	10444
10451	10476	10481	10558	10559
10605	10615	10632	10656	10676
10716	10919	10926	10959	10977
10981	10987	10999	11020	11041
11042	11485	11520	11526	11546
11601	11608	11655	11705	11783

B BONDS OF £500 EACH

[illegible]

C BONDS OF £1,000 EACH

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2976	2985	2995	3003	3096
3111	3158	3197	3235	3282
3321	3353	3375	3405	3438
3472	3611	3683	3734	3745
3758	3771	3813	3864	3966

SUMMARY

649 A Bonds of £100 each	£64,900
191 B Bonds of £500 each	£95,500
80 C Bonds of £1,000 each	£80,000
	£240,400

Bank of England,
11th April 1978.

ART GALLERIES

OMELL GALLERIES. Fine British and French MODERN PAINTINGS and Modern British MARITIME PICTURES. 40, Albemarle Street, Piccadilly, W.1.

RICHARD GREEN GALLERY, 44, Dover Street, W.1. 01-491 3277. BRITISH LANDSCAPE PAINTINGS. Daily 10.00-6.00. Sats. 10.00-12.30. Closes April 29.

AGNEW GALLERIES, 43, Old Bond St., W.1. 629 6176. THREE CENTURIES OF BRITISH PAINTINGS. Until 28 April. Mon.-Fri. 9.30-5.30. Thurs. until 7.

BROWSE & DARBY, 19, Cork St., W.1. SICKERT. Mon.-Fri. 10.00-5.30. Sat. 10.00-12.30.

COLNAGHI, 14, Old Bond Street, W.1. 01-491 7408. INDIAN PAINTINGS—Mughal and Rajput 1500-1850. Until 8 May. Mon.-Fri. 9.30-5.30. Sats. 10-1.

COVENT GARDEN GALLERY LTD. "The Tropic Bird." Visionary Watercolours. W. J. Chamberlayne. Views of West Africa, West Indies, Mauritius and Britain 1850-90. Open daily 9.45-5.30. Sats. 12.30. Thurs. 7. 20, Russell St., W.C.2. 01-836 1139.

FIELDBOURNE GALLERIES, 63, Queensgrove, N.W.8. ART IN RELIGION.

FOX GALLERIES. Exhibition of the paintings by British and European Artists from 1700-1965. 5-6, Cork Street, London, W.1. Tel. 01-734 2626. Weekdays 10-6. Sats. 10-1.

THACKERAY GALLERY, 18, Thackeray St., Kensington Sq., W.8. 01-937 5883. BRIAN YALE until May 12.

CLUBS

EVE, 189 Regent Street. 734 0557. A la Carte or All-in Menu. Three Spectacular Floor Shows 10.45, 12.45 and 1.45 and music of Johnny Hawkesworth & Friends.

GARGOYLE, 69 Dean Street, London, W.1. NEW STRIPTEASE FLOORSHOW THE GREAT BRITISH STRIP. Show at midnight and 1 a.m. Mon.-Fri. Closed Saturdays. 01-437 6455.

EDUCATIONAL

BRITISH INSTITUTE OF FLORENCE

New intensive course in the Italian Language. 20 hours a week from May 30 to June 23.

Apply
BRITISH INSTITUTE
LUNGARNO GUICCIARDINI 9
FLORENCE 50125
Tel: 284 031

NOTICE OF ANNUAL GENERAL MEETING

DISCOUNT BANK INVESTMENT CORPORATION LTD.

16 Beth Hashoeva Lane, Tel-Aviv, Israel

NOTICE IS HEREBY GIVEN that the 17th Annual General Meeting of the above [illegible]

[illegible]

MINING NEWS

Ranger needs an early start

BY KENNETH MARSTON, MINING EDITOR

THE GENERAL manager of the EZ Industries - Peko - Wallsend Ranger uranium mining project in Australia's Northern Territory, Mr. Donald Woods, warned the Canberra Government yesterday that the company might not be able to meet its contractual obligations unless preliminaries to the opening of the proposed mine were completed quickly, reports our Canberra correspondent.

The Government announced a few weeks ago that it hoped for a start on basic development work at the Ranger project by June. This schedule already appears to have slipped by several weeks and Mr. Woods pointed out that unless work started by July there would be no real progress in the limited dry season over the next few months.

He warned the Prime Minister that if the position was repeated next year the mine could not be in production until 1982 which would mean that it could not meet delivery deadlines which currently are scheduled to begin in 1981.

The problems holding up development include the need for Government legislation, currently before parliament; the establishment of a Government marketing authority; and negotiations with the Northern Land Council on terms which the Aboriginal people of the area will receive in the course of mining development.

Mr. Fraser told company representatives that the Government lost no time in its consideration of the policy aspects of uranium development and introduction of the necessary legislation. He said he hoped that negotiations on the Aboriginal land rights question with the Northern Land Council would be concluded soon.

South Africa's Union Corporation is now negotiating uranium supply contracts and financing with potential customers for its proposed new uranium-gold mine on the farm Palmietkuil to the south of the group's St. Helena mine in the Orange Free State. At yesterday's Johannesburg meeting Mr. E. Pavitt, the chairman of Union Corporation, pointed out that the group is unable to proceed with development of the new mine until these requirements are fulfilled. Last month Mr. Pavitt said that "a very substantial" cash investment would be required to bring the project to production.

LOWER PROFITS AT RIO ALGOM

The Rio Tinto-Zinc group's 51 per cent. owned Rio Algom reports substantially lower consolidated net earnings for the three months to March 31 of $C12.8m. (£6.16m.) compared with $C15.8m. for the same period last year.

The reduced profits reflected a downturn in earnings from the company's uranium operations. The comparable results for the first quarter of 1977 had been materially affected by gains resulting from the renegotiation of uranium export contract prices.

Profits were also affected by reduced copper production and lower copper prices received by the company's 67.7 per cent. owned Lornex copper-molybdenum mine.

Palabora pays lower interim

THE Rio Tinto-Zinc group's South African Palabora copper mine is reducing its first interim for 1978 to 13.5 cents (7.9p). Last year there were four quarterly payments: 15 cents, 7.5 cents, 7.5 cents and 15 cents.

Despite technical problems with its new autogenous mills, Palabora increased production during the past quarter. The mine is one of the few copper producers in the world to be making a profit at the currently depressed level of metal prices but its margins are being squeezed by rising costs, notably of electric power. Palabora shares were 455p yesterday.

MINING BRIEFS

AMALGAMATED TIN OF NIGERIA—March output of concentrates: tin, 152 tonnes (Feb. 151 tonnes). Columbite 24 tonnes (Feb. 17 tonnes).

FALCON MINES—March quarter: Tonnes milled 30,920 (Dec. quarter 30,300). Working profit $599,837 ($484,025). Net profit $433,257 ($373,825). Capital expenditure $113,767 ($96,234).

BIDS AND DEALS

BICC move to end link with General Cable

BY JOHN LLOYD

BICC, the U.K.'s leading cable manufacturer, is to sell its 20.1 per cent. share in the U.S. General Cable Corporation. The British group has already tried unsuccessfully over the past two months to persuade General Cable to acquire the BICC holding under a private arrangement.

BICC has been anxious to sell the holding for some time. It was acquired in 1970, with the aim of making it possible for the two companies to take a major share of the U.S. cable market in partnership. Recently, however, General Cable has reduced its interests in cables, without consulting BICC.

In a formal offer to General Cable yesterday BICC has set a price of $18.50 per share—more than $53m. (£29m.) for the 2.87m. shares involved.

Under the terms of the 1970 agreement between the companies, General Cable must take up the option within 90 days. If it does not, BICC will be free to sell elsewhere, at a higher price, within the next 120 days.

During the 90 day period, that is up to July 24, BICC will be seeking other possible offers for its holding. Mr. Michael Julien, the company's finance director, said yesterday that BICC regarded the offer as merely the next round of negotiations and that it was quite possible that General Cable would still buy, even though the price was slightly higher than that discussed previously between the two companies.

The sale proceeds will be either redeployed within the BICC group or used to finance further investment in the U.K. or overseas. New acquisitions are likely, especially in the U.S.

Any acquisitions will not be in cable-making, however, Mr. Julien said. The company is already diversifying extensively and is strong in civil engineering through its Balfour Beatty subsidiary. In addition, last year BICC acquired Dorman Smith, a manufacturer of electrical components.

Any future investment in other companies would be unlikely to take the form of a minority holding, as in General Cable, but would be a controlling interest. Much of the failure of the General Cable link has been due to the lack of influence BICC had over the U.S. company's decisions.

Among the more important of these in recent years has been the purchase of Sprague Electrics for $60m. at the end of 1976, and the sale early this year of General Cable's power cable division to Pirelli, also for $60m. It recently made a $110m. bid for Automation Industries, an electronic components manufacturer with a strong interest in the U.S. missile industry.

"Our investment had become merely a portfolio one. General Cable effectively didn't consult us about any major decisions—we heard they were going to do something perhaps a day before it happened. We may as well put our money to a proper use," Mr. Julien said.

Under a further provision of the 1970 agreement, BICC would be prevented from selling its holding to a third party if General Cable was to be prejudiced under any applicable exchange control regulations. BICC said, however, that it expected to obtain all the necessary U.K. Government clearances to satisfy that provision of the agreement.

See Lex

ICFC BACKING

Lawford and Sons, a family business of builders' merchants, is receiving a 15-year loan of £300,000 from Industrial and Commercial Finance Corporation.

Lawford operates from five depots in North and West London. It recently completed development of one of them to provide improved display, storage and office facilities. The costs were met from the company's own working capital resources but it now wishes to fund the expenditure by raising a long term loan.

Further sales by Town & City

BY JOHN BRENNAN, PROPERTY CORRESPONDENT

A single property sale worth £21m., plus a further £5.4m. of sales since its interim announcement in February, takes Town and City Properties' total disposals since 1974 within sight of £500m.

News of the single property sale, and an updated proforma balance sheet is included in the formal documents to shareholders on T and C's £120m. refinancing deal. The pro forma statement, to September 1977, shows overall debts at £303m. in September, only £14m. down on the March 1977 total but that is before allowing for the effect of sales since September.

If proposals for the change in the form of Prudential Assurance and Barclays Bank's loan stock are agreed at a stockholders meeting on May 19, the refinancing, plus Barclays' additional long term bank loans, will only cut gross debt to £277m. (3.1 as opposed to the current 4.7 debt to equity ratio). But the debt profile will be markedly better, with £131m. instead of the current £182m. of borrowings on overdraft or repayable within five years.

Barclays and the Prudential have agreed to convert their £26.2m of 8¼ per cent. loan stock into the proposed new convertible issue. But the group makes it clear that: "The decision of Barclays and the Prudential to exchange should not be taken as a recommendation to other holders to accept."

EIH DEALS TO CUT BORROWINGS

Edinburgh Industrial Holdings has netted a £125,000 profit buying and selling the same ship in the space of a month. It has also sold three properties for £485,000 and is using the total proceeds to reduce short term debt.

The shipping deal was achieved by buying M. T. Diligentia (a 1,100 dwt oil tanker) on February 15 for $330,000 from a foreign bank, believed to be Dutch, which had reclaimed it. Then on March 10, EIH sold the tanker to Belvedere Shipping, a Bermuda based company and subsidiary of Minver, for $580,000.

Completion of the purchase contract was postponed to coincide with completion of the sale contract last Friday. So at no time did EIH have to finance the original acquisition.

EIH's subsidiary, Obex Oil, was responsible for the deals and has chartered the same ship from Belvedere at $100,000 per annum for three years.

Meanwhile, the properties sold for £485,000 were professionally valued in December, 1976, at £630,000. A surplus on the revaluation of these and other fixed assets was included in the 1975-76 accounts by way of an extraordinary profit of £291,000.

Mr. A. L. Anish, the finance director, said yesterday that the properties had not been easy to sell but the shipping deal was "excellent" and the cash produced overall would significantly improve the group's position.

UTD. BISCUITS

The acquisition of Watt Countrymade by UNITED BISCUITS (HOLDINGS), first announced in March, has been completed.

The consideration of some £730,000 is being satisfied by 825,622 new Ordinary shares (post scrip issue) of UB, and £156,000 cash.

Manders £2.4m. again as business slackens abroad

SUBSTANTIALLY quieter overseas trading for Manders (Holdings), combined with £70,000 conversion losses as sterling strengthened and poorer performance in its decorative business, to cut second-half pre-tax earnings in 1977 from £1.34m. to £1.15m. Contrary to forecast at mid-term the total profit for the year was marginally down at £2.37m., against £2.4m.

Progress in all other areas of the company's business was satisfactory, the directors say, and group sales were ahead from £20.5m. to £24.07m.

After tax, again at £1.14m., earnings per 25p share are shown at 7.91p (7.88p). A net final of 1.3207p lifts the total to a maximum permitted 2.5423p (2.3759p).

A professional valuation of the company's U.K. land, buildings and property interests during the year produced a surplus of £6.8m. over previous book value, and this has been incorporated into the accounts.

Following minorities of £58,000 (£90,000), attributable profit emerged at £1,178,000 (£1,169,000).

The company's interests include the manufacture of paint, and printing ink.

Macfarlane (Clansman) confident

With the company in a strong financial position the directors of Macfarlane Group (Clansman) are confident that the current year will show a healthy increase in profits over 1977 when taxable earnings were depressed at £570,858, members are told.

In his annual statement Mr. Norman Macfarlane, the chairman, says that in addition to A. and W. Fullarton of Govan and Factory Maintenance Services of Clydebank, acquired during the second half of 1977, C. Williams of Liverpool was acquired early this year bringing the total cost of the three to £962,500. About 60 per cent. of this was paid in cash and 40 per cent. in shares.

The directors are pleased with the performance of these companies since joining the group and they expect each of them to make a useful contribution to 1978 profits, he says.

As reported recently sales by the group were up at £9.28m. (£7.69m.). After-tax profit was higher at £411,558 (£333,469) because of the adoption of ED19 in the treatment of deferred tax. The net dividend is lifted to 3.54p (3.439p) per 25p share.

Bank balances and short term deposits at year end were down £461,101 (£169,456), and bank overdraft and loans were up at £182,635 (£140,207).

Sales and profit were split as between packaging, printing and office supplies with turnover at £6.17m. (£5.34m.) and profit £327,201 (£390,838), and plastics and metallising £3.11m. (£2.36m.) turnover and £248,657 (£231,754) profit.

Meeting, Glasgow, on May 16 at noon.

Final half shortfall at W. Pickles

DESPITE PREDICTIONS of satisfactory second-half progress, pre-tax profit of William Pickles and Co. fell from £415,582 to £298,224 in the closing six months, leaving profit for 1977 down from £876,138 to £817,082.

Turnover of the textile manufacturer increased from £21.22m. to £22.86m., and after tax of £361,453 (£398,188) net profit was £455,629, compared with £477,950.

Earnings per 10p share are shown at 1.5p (1.6p) and a final dividend of 0.398p takes the total from 0.656p to 0.686p net.

Gradual improvement at Carron

WHILE THERE are indications in some directions of a pick-up in business, the improvement has been very gradual for Carron Company (Holdings), Mr. C. S. Stroyan, the chairman, says in his annual statement.

He hopes that as the year progresses and if more spending money is put in consumers' pockets a modest improvement will be seen in certain of its activities.

In 1977 pre-tax profit of this metal, plastic and general engineering products maker fell from £1.19m. to £0.48m.

Mr. Stroyan says that because of the many problems which seem inherent to the domestic trade the company has been pursuing likely markets for exports, both in the EEC and elsewhere. To further this objective an interest in a small distributive organisation in France has been acquired, and Mr. Stroyan looks forward to expansion.

The company has also made specific application to the Planning Authority for a well-known company for its industrial land at Mungal. He says that if this permission is granted the chances of other companies following will be better.

Further progress is also being made with its site at St. Katherine's Way, London, and negotiations with prospective tenants are underway.

Arrangements for longer term fixed interest finance are currently being considered by the company.

At balance date net current assets were down from £3.8m. to £3.13m., and fixed assets were £6.3m. (£5.24m.). In the year there was a £0.84m. (£1.07m.) decrease in liquid funds.

Meeting, Carron, Falkirk, May 16, at noon.

Winding-up orders

Orders for the compulsory winding up of 46 companies have been made by Mr Justice Oliver in the High Court. They were:

Lawnvale, Westbury Contract Furnishing, British Freehold Investments, A. R. South and Sons, R. T. Hayward and Associates (Services), Arthur Ward (Coventry), Carapark, Copen Investments, Advertisement Brokers, Dini of Italy.

Lanco Shopfitters, Robinson Bros. (Plasterers), Yessongs, Suraj of Kingsbury (Import), C. K. C. Plastering, B. Cadman (Electrical Services), P. G. Quin, Syrons Investments, Pearstar, Rockmark Printing, Sutton Square Construction Company.

Countrobe, Ian H. Hay, Galtres Construction, Lawnessa, Fathom Civil Engineering, Blainwood Freight Services, First Steamship (U.K.), Paroment Motors (Pontardawe), Ravencote, Hayward Group Contractors (Chepstow), Scheinnman Fur Fashions.

Realmere, Dorney Marketing, Point Freight (Manchester), Leonard Colin (Mirrors), R. E. and E. A. Burton, Tom Lomas Livestock, Bronzechoice.

Classic Restoration and Design, Walsh-Guildford (Construction), Winster House Securities (Insurance Brokers), Geda (Aluminium), George West and Associates (Finance), West Midland Aircraft Services, and Lyndon Thomas (Wholesale).

Sun Life heavy in gilts

The report and accounts for 1977 of Sun Life Assurance Society reveal that the company continued to invest heavily in the gilt market last year. Mr. P. G. Walker, chairman, disclosed that over £85m., out of a cash flow of £101m., was invested in quoted fixed-interest securities, with a further £12m. being put into equities.

He points out that with the take-over in 1976 of Artagen Properties, with its first class portfolio, the Society did not need to be very active in the property market last year. Virtually all of Artagen's properties have been transferred to the long-term business funds.

The group balance sheet at the end of 1977 shows that fixed-interest securities rose in value to £335m. from £232m. and equities to £126m. from £108m. The value of property holding fell slightly to £178m. from £181m., while the value of loans was reduced to £112m. from £123m. Gilts accounted for 44 per cent. of total invested assets, equities a further 16 per cent. and property 23 per cent.

Premium income rose by 26 per cent. to £185m. and investment income by 21 per cent. to £67m. Claims, expenses and proprietors' share of profits jumped by 15 per cent. to £109m. and with an increase of £5m. on the market value of assets held for linked business, the value of the funds increased to £735m. at the end of 1977 from £705m. at the beginning.

Mr. Walker considers that the new business prospects for the current year looked bright, with the Society benefiting from the removal of pension scheme improvements from pay policy restrictions.

Airsprung

Airsprung Group, bed manufacturer whose shares are traded on the OTC market made by M. J. H. Nightingale, reports that, with margins improving from 7.7 per cent. to 8.7 per cent., on turnover 22 per cent. higher at £9.4m. taxable profits for 1977 rose 39 per cent. to £817,000.

Earnings per share are shown to have risen from 5.4p to 7.6p and the final dividend is 2.2p for a 3.6p (3.75p) net total.

The net profit after tax and minorities came out at £380,000 compared with £268,000 and the directors state that results for the first quarter of the current year are in advance of the same period last year.

هكذا من الأجل

INTERNATIONAL FINANCIAL AND COMPANY NEWS

NORTH AMERICAN NEWS

Beatrice Foods record

By Our Own Correspondent

NEW YORK, April 26.

BEATRICE FOODS, the largest U.S. food processor, reported a rise in profits for the 26th year running to-day, thereby strengthening its reputation as one of the country's best run companies.

A rise in earnings for the fourth quarter of $6.2m. brought year end earnings to $221.5m., an increase of 13 per cent. on the previous year's equivalent to $2.41 per common share ($2.15). Sales for the year were $6.31m., up 14 per cent. on last year.

Mr. Wallace Rasmussen, the company chairman, said that sales of food and related products and services accounted for 72 per cent. of sales and 58 per cent. of operating earnings, particularly in dairy and soft drinks, speciality meats, and food distribution and warehousing.

These proportions mark a slight drop on last year's figures, reflecting the company's growing diversification into other fields, notably environmental and chemical products which showed strong gains, Mr. Rasmussen said.

The company's foreign operations also grew above average. Foreign sales rose 18 per cent. to $1.4bn., producing earnings of $40.6m.

Pullman faces proxy fight

NEW YORK, April 26.

PULLMAN, the transport equipment, electronics and construction concern, faces a proxy fight at its annual meeting to be held on May 17. Certain stockholders have issued a statement indicating that they will propose a list of seven new directors. Pullman's board currently consists of nine directors.

Mr. George L. Green, a former executive vice president and director of Pullman, has charged that Samuel B. Casey, current president of Pullman, has not properly discharged his duties in the best interests of the shareholders and should be dismissed.

Mr. Green cited the financial results of last year compared with 1973. He pointed out that in that five-year period, revenue had doubled to about $2bn., but earnings had declined from $35.9m. or $3.31 a share to $33.1m. or $3.03.

Mr. Green, who owns nearly 10,000 shares in the company, said that he is also supported in his proxy fight by Mr. Walter V. Berry, who sold Berry Metal to Pullman in exchange for stock several years ago and who now holds, according to the dissidents' statement, about 152,000 Pullman shares.

The proposed list of dissident directors is composed mainly of management consultants. While Mr. Green is not on the list, Mr. Berry is.

AP-DJ

Tighter margins trim General Motors earnings

DETROIT, April 26.

THE largest car manufacturer in the U.S., General Motors, suffered a setback in the first quarter of this year, with net income falling from the 1977 first-quarter record of $903m. to $870m., or from $3.14 to $3.03 per share. Sales were somewhat higher at $14.9bn. compared with $13.6bn.

GM's profit margin for the quarter sliped from 6.7 per cent in the 1977 first period to 5.8 per cent. This compares with a level as high as 8.5 per cent. in 1973.

Thomas A. Murphy, chairman, and Elliott M. Estes, president, said that the fall in profit margins reflects continued increases in materials and labour costs, which have not been fully recovered through price increases. These factors were coupled with higher costs for facilities and special tools associated with new model programmes.

They added that GM's sales and earnings in the quarter were adversely affected by the temporary slowdown in economic activity caused by the coal strike and the unusually severe weather conditions throughout much of the U.S. during the first two months of the year.

GM said that snowstorms in the North East and Midwest caused temporary plant closures and production and distribution problems.

These interruptions caused a cut of some 130,000 cars and trucks in GM's scheduled production. The company's deliveries for February, for example, were down 4.8 per cent., the third consecutive monthly decrease. Ford was able to maintain a virtually unchanged level, but Chrysler and American Motors suffered far more, with declines of 16.6 per cent. and 27.8 per cent. respectively.

At the end of the quarter there was a strong upturn in retail deliveries of passenger cars and trucks, GM said. The company views this as a positive indication of continued sales gains in the months ahead.

Agencies

Mixed fortunes in oil sector

NEW YORK, April 26.

QUARTERLY results from a cluster of U.S. oil companies indicate somewhat mixed fortunes, with Mobil Corporation reporting an increase in net profits to $241m. or $2.28 per share for the first period against $219m. or $2.07 for the same quarter of last year. The advance was on the back of a 7 per cent. rise in revenues to $8.7bn.

Phillips Petroleum's first quarter net income rose from $121.6m. or 79 cents per share to $164.9m. or $1.07, on revenues up from $1.59bn. to $1.74bn.

Marathon Oil also reported an increase in first-quarter net income, from $40.7m., or $1.35 per share, to $50.3m., or $1.66, on revenues up from $1.16bn. to $1.23bn.

By contrast, Texaco reported a drop in first-quarter net income from $242.6m., or 89 cents per share, to $187.3m., or 69 cents. Revenues fell from $7.98bn. to $6.99bn. The results include losses on foreign currency translation of $26.8m. compared with last year's $10.1m.

The decline in Continental Oil's first quarter net income from $100.8m. or 94 cents per share to $38.5m. or 34 cents resulted from a setback in coal operations, which was only partially offset by an improvement for petroleum, chemicals and minerals. Total revenues dipped from $2.2bn. to $2.1bn.

Murphy Oil reported a downturn from $11.6m. or 93 cents per share to $10.1m. or 81 cents in this year's first quarter, on revenues of $337.7m. against $298.6m.

First quarter net income of Shell Canada fell from $38.8m. or 39 cents a share to $36.4m. or 36 cents a share on revenues up from $574m. to $655m.

Agencies

EUROBONDS

Deutschemark sector takes a beating

BY MARY CAMPBELL

INTEREST to-day will focus on the pricing of the United Kingdom's bond issue on the New York market. The latest indications of yield levels both mark slight rises on the original figures indicated when the issue first went on offer two weeks ago. Some dealers were arguing yesterday that the increase was not sufficient to account for falls in prices on New York bond market in the intervening period.

The indicated yield levels as of Tuesday were between 8.40 and 8.45 per cent. on the shorter term tranche—compared with the original indications of around 8.375—and between 8.90 and 8.95 per cent. the longer tranche—up from 8.875 per cent.

The other major development on the market yesterday was the very sharp falls in D-mark foreign bond prices for the third day running. This resulted in what must be one of the worst ever after-market performance for such a bond: the Elf Aquitaine issue, priced on Tuesday night at the low level of 98¼, was quoted yesterday afternoon at 93½-94, for a discount from the offering price of almost four points. Other recent issues have not fallen quite as badly as this, but their performance is also bad.

In contrast to earlier in the week, turnover in D-mark foreign bonds was yesterday reported to be heavy.

In the dollar sector one new issue was launched—a two tranche offering for the Development Finance Corporation of New Zealand.

Each tranche is for $20m., one for seven years offering an indicated 8¾ per cent., and the other for five years offering an indicated 8½ per cent. The average life of the five-year tranche is 4¼ years. The redemption schedule for the seven-year tranche is complicated and involves a purchase fund operating if the price falls below par during the first three years followed by sinking fund redemptions later. Pricing will be in the light of market conditions but would be at a slight discount on both tranches if current conditions persist. Citicorp International is lead manager.

Elsewhere in the market the Beatrice Foods offering started trading yesterday afternoon at 98½ or slightly more on the bid side. It had been priced at par. The Crédit Commercial de France floating rate note started trading at a slight discount from the offering price, but was well received.

U.S. Steel hit by weather

By Our Own Correspondent

NEW YORK, April 26.

U.S. STEEL, the largest of the U.S. steel producers, reported a loss of $58.7m. for the first quarter of this year, compared with a profit of more than $27m. last time.

The chairman, Mr. Edgar Speer, said that the industry's traditional winter depression had been further aggravated by the coal strike. But the flow of orders was improving and reached a four year high in March.

Sales in the quarter were $2.46bn., compared with $2.27bn. last time. Shipments of steel were 5m. tons against 4.7m. tons. Together with Bethlehem Steel which reported profits earlier this week, U.S. Steel warned that it was watching the effectiveness of the Government's steel price trigger mechanism designed to stave off cheap steel imports.

Optimism at Kaiser

OAKLAND, April 25.

KAISER Aluminum and Chemical Corporation expects to post record 1978 profits if U.S. and world economies grow as expected, president Mr. Cornell Maier told the annual meeting.

All earnings improvements this year over 1977 will probably come from aluminium operations. The company's current record results were in 1974 when it earned $5.63 a share. Earnings last year were $5.53.

Reuter

Sales advance lifts first quarter profit at Xerox

BY DAVID LASCELLES

NEW YORK, April 26.

XEROX to-day reported "a solid start" to its new fiscal year with a 15 per cent. rise in profits on a 13 per cent. sales advance in the first quarter compared with the same period last year.

Earnings were $105.6m. or $1.31 a share and total operating revenues $1.354bn. The results, Mr. Peter McColough, chairman said, "are about as we anticipated and indicate that we have made a solid start on another good year in terms of both revenue and profits." They appeared to confound predictions earlier this year that Xerox would have difficulty maintaining two figure rates of growth in the light of intensified competition from other U.S. and Japanese companies.

The company reported a much more rapid rise in revenues from the sale of copiers, duplicators and allied equipment (37 per cent.) than in rental and servicing of equipment (9 per per cent.), reflecting its changing marketing stategy.

Xerox commented that sales and leasing in the first quarter were much higher than a year ago, and that four new products introduced last year — the 9400 automatic duplicator, the 5400 and 3400 copiers and the 850 display typing system — were meeting "excellent acceptance in the marketplace."

Mr. Melvin Howard, vice-president finance, said that the company expected sharply higher outright sales of copiers this year, but pre-tax profit margins would be about the same as last year.

Kodak looks to instant cameras

FLEMINGTON, April 26.

EASTMAN KODAK expects continued good growth in its instant photography operations in 1978, especially in international markets, the president, Mr. Colby H. Chandler said in remarks prepared for delivery at the annual meeting.

He said Kodak plans further instant camera models after the introduction of its seventh model, the Colorburst 300, in August.

Kodak instant print film has many other possible applications for consumers and for professional photographers, and the company is investigating these opportunities.

Kodak has developed capability for the in-house production of integrated circuits used in its cameras.

He said pilot research programmes prove that Kodak can develop solid state image sensors.

Over the next year, the company will market some of its recently developed tabletop clinical blood analysers.

The Ektramax camera, announced in February with a new series of six "Ektra" cameras, will be a true available-light camera.

Mr. Chandler also confirmed the mid-summer introduction of Ektachrome 400 film and said photographers who use this product in adjustable cameras will be able to "push" the new film to twice or even four times its rated speed.

Spin Physics, a subsidiary providing a wide range of magnetic heads for instrumentation and video recording, has expanded its facilities. "The understanding of video recording, has expanded to give us a window on another aspect of electronic technology that may in time provide Kodak with a broader business opportunity."

Development work on the table-top clinical blood analyser "suggests that the analyser will detect substances in the blood at levels as low as one part per hundred billion," he said. "In 1977 this unique technology moved from in-house testing to initial evaluation in several laboratories. Over the next year units will be placed on marketing trial in a number of major metropolitan areas."

Agencies

AMERICAN QUARTERLIES

AMETEK

First Quarter	1978 $	1977 $
Revenue	73.0m.	70.0m.
Net profits	5.0m.	4.0m.
Net per share	0.86	0.78

AMF

First Quarter	1978 $	1977 $
Revenue	289.0m.	279.0m.
Net profits	9.0m.	9.0m.
Net per share	0.46	0.45

BORG-WARNER

First Quarter	1978 $	1977 $
Revenue	526.0m.	470.0m.
Net profits	26.0m.	19.0m.
Net per share	1.22	0.95

CITIES SERVICE

First Quarter	1978 $	1977 $
Revenue	1.2bn.	1.1bn.
Net profits	55.0m.	59.0m.
Net per share	2.00	2.16

CITY INVESTING

First Quarter	1978 $	1977 $
Revenue	637.0m.	688.0m.
Net profits	18.0m.	12.0m.
Net per share	0.63	0.37

COLGATE-PALMOLIVE

First Quarter	1978 $	1977 $
Revenue	1.0bn.	927.0m.
Net profits	35.0m.	32.0m.
Net per share	0.44	0.41

COMBUSTION ENG.

First Quarter	1978 $	1977 $
Revenue	492.0m.	431.0m.
Net profits	15.0m.	13.0m.
Net per share	0.93	0.80

DART INDUSTRIES

First Quarter	1978 $	1977 $
Revenue	408.0m.	370.0m.
Net profits	27.0m.	23.0m.
Net per share	1.11	0.94

E G & G

First Quarter	1978 $	1977 $
Revenue	97.7m.	86.2m.
Net profits	3.1m.	2.3m.
Net per share	0.40	0.29

EL PASO

First Quarter	1978 $	1977 $
Revenue	443.0m.	398.0m.
Net profits	23.0m.	27.0m.
Net per share	0.51	0.67

GATX CORP.

First Quarter	1978 $	1977 $
Revenue	—	—
Net profits	22.0m.	7.8m.
Net per share	1.72	0.61

G. D. SEARLE

First Quarter	1978 $	1977 $
Revenue	195.0m.	175.0m.
Net profits	16.0m.	19.0m.
Net per share	0.31	0.37

HARSCO

First Quarter	1978 $	1977 $
Revenue	181.0m.	152.0m.
Net profits	8.0m.	8.0m.
Net per share	0.84	0.83

JOHNSON & JOHNSON

First Quarter	1978 $	1977 $
Revenue	835.6m.	717.5m.
Net profits	77.5m.	61.9m.
Net per share	1.32	1.06

MOHASCO

First Quarter	1978 $	1977 $
Revenue	163.0m.	150.0m.
Net profits	2.0m.	1.6m.
Net per share	0.30	0.23

MOORE McCORMACK

First Quarter	1978 $	1977 $
Revenue	51.8m.	77.8m.
Net profits	1.1m.	5.6m.
Net per share	0.20	0.99

NABISCO

First Quarter	1978 $	1977 $
Revenue	515.0m.	499.0m.
Net profits	21.0m.	20.0m.
Net per share	1.30	1.23

NATIONAL STEEL

First Quarter	1978 $	1977 $
Revenue	846.0m.	751.0m.
Net profits	2.0m.	5.0m.
Net per share	0.13	0.26

NEW YORK TIMES

First Quarter	1978 $	1977 $
Revenue	138.2m.	116.5m.
Net profits	7.1m.	5.4m.
Net per share	0.61	0.47

PANHANDLE EASTERN PIPE

First Quarter	1978 $	1977 $
Revenue	340.3m.	327.8m.
Net profits	36.3m.	34.9m.
Net per share	2.06	2.04

PEABODY INT.

Second Quarter	1978 $	1977 $
Revenue	107.0m.	91.0m.
Net profits	4.0m.	3.0m.
Net per share	0.53	0.48

PITNEY-BOWES

First Quarter	1978 $	1977 $
Revenue	156.0m.	132.0m.
Net profits	8.19m.	6.95m.
Net per share	0.60	0.51

REICHHOLD CHEMS.

First Quarter	1978 $	1977 $
Revenue	43.0m.	29.9m.
Net profits	800,000	374,000
Net per share	0.35	0.23

ROLLINS

Third Quarter	1978 $	1977 $
Revenue	69.0m.	62.0m.
Net profits	6.0m.	7.0m.
Net per share	0.45	0.50

RYDER SYSTEM

First Quarter	1978 $	1977 $
Revenue	241.8m.	198.5m.
Net profits	9.92m.	7.31m.
Net per share	0.68	0.50

SCHERING-PLOUGH

First Quarter	1978 $	1977 $
Revenue	270.0m.	238.0m.
Net profits	54.0m.	46.0m.
Net per share	1.00	0.84

SOUTHERN CO.

First Quarter	1978 $	1977 $
Revenue	693.8m.	612.0m.
Net profits	45.69m.	57.55m.
Net per share	0.33	0.47

SQUIBB

First Quarter	1978 $	1977 $
Revenue	327.0m.	294.0m.
Net profits	19.0m.	20.0m.
Net per share	0.43	[illegible]

TAMPAX

First Quarter	1978 $	1977 $
Revenue	48.0m.	[illegible]
Net profits	10.0m.	10.0m.
Net per share	0.92	[illegible]

TIMES MIRROR

First Quarter	1978 $	1977 $
Revenue	305.0m.	234.0m.
Net profits	27.0m.	18.6
Net per share	0.77	[illegible]

U.S. GYPSUM

First Quarter	1978 $	1977 $
Revenue	312.0m.	247.0m.
Net profits	21.0m.	4.0
Net per share	1.23	[illegible]

WARNER-LAMBERT

First Quarter	1978 $	1977 $
Revenue	643.0m.	580.0
Net profits	62.0m.	48.0
Net per share	0.66	[illegible]

BRIEFLY

Turnround for Global Marine

FIRST quarter results reported recently by agencies included Coca-Cola Bottling New York, whose net earnings dipped from 15 cents to 12 cents. American Medicorp, which held earnings steady at 64 cents a share, and Texas Utilities, where earnings of 43 cents a share compared with 40 cents previously. Also reporting for the first quarter were Global Marine, with earnings of $1.1m. against a loss of $425,000. Tiger International, which pushed earnings ahead from 5 cents to 40 cents a share. Sterling Drug, with earnings of 40 cents a share against 37 cents, and Southern Railway with $1.89 against $1.82. Meanwhile, Copeland Corporation, reporting for the second quarter, turned in 84 cents a share against 75 cents, and Denny's, reporting for the third quarter earned 56 cents against 47 cents.

Thomson-Brandt forecasts continued sales growth

BY DAVID CURRY

PARIS, April 26.

French electronics, household goods and telecommunications group Thomson-Brandt says that its sales will rise by 14 per cent. in 1978, from Frs.19.6bn. ($4.3bn.) achieved in 1977. Allowing for consolidations, the apparent rise may rise to 17 per cent. At the same time it is forecast that within two or three years overseas sales will account for more than half total turnover. The forecast is for some growth in overseas sales excluding the contribution of the television subsidiary, Nordmende.

On the profits front, after net income to the group of around Frs.200m. ($45.7m.) in each of the last two years, it is hoping for an increase in line with the expansion in sales.

The Thomson group is one of the "chosen instruments" of the French Government in creating industries capable of holding their own in international markets. Thomson carries at least some of France's hopes in the important sectors: professional electronics, in which its subsidiary Thomson-CSF plays a leading role; consumer electrical goods; radiology and medical equipment; and telephone switching gear.

In a move to bring within domestic control the supply of telephone switching gear to the French Post Office, Thomson-Brandt and CSF are between them in the process of completing their acquisition of majority stakes in two of the companies which dispose of the necessary technology in this area — the former ITT subsidiary LMT, and the French operation of the Swedish concern Ericsson.

Ericsson proved to be a thorny acquisition since accounting irregularities which came to light after the takeover had disguised the fact that the company was trading at a loss. After a contribution from the Swedish parent company and changes in accountancy practice, Ericsson ended 1977 with a modest Frs.4.6m. profit, and the group is confident that it has now turned the corner. LMT improved its trading profits to Frs.70m.

Industrial investments at group level should grow steadily this year to reach around Frs.970m., against Frs.750m. in 1977 and Frs.710m. in 1976.

Of total overseas sales, some Frs.7.4bn. represents exports from France and two-thirds of this is for professional electronics. Medical equipment is the main product manufactured overseas.

The group, while suffering from the general distortion caused by government price controls, has not suffered a serious financial deterioration. It expects to finance around Frs.730m. of this year's investments from amortisation. It is expecting a 20 per cent. improvement on the 1977 cash-flow of Frs.1bn.

Jacques Borel International reports a net consolidated loss of Frs.164.6m. ($36m.) for 1977, against Frs.53.7m. Parent company net loss was Frs.163m. (loss of 76.7m.). The company will again pass dividend.

The troubled restaurant and hotel chain reckons its 1978 accounts will show losses on a smaller scale than last year's. In 1979 "measures being taken to help a recovery should bring the consolidated profit and loss account near to balance."
Reuter

Bofors sees maintained earnings this year

By William Dullforce

STOCKHOLM, April 26.

BOFORS, the Swedish armaments, steel and chemicals concern, expects to maintain pre-tax earnings or even improve them slightly this year, according to the 1977 shareholders' report. Last year earnings dropped by 20 per cent. to Kr.92m. ($20m.), while turnover climbed by 21 per cent. to Kr.2.35bn. ($502m.).

Armament sales and profits are expected to grow further, as is the return from Bofors-Nobel, the chemicals operation. But the earnings of these two main profit-generators will be reduced by more losses on the steel business and at Bofors-Nohab, the turbine, locomotive and diesel engine company.

These represent advance payments under armament contracts, on which Bofors was able to take advantage of higher interest rates last year. Interest charges also rose as a result of increased borrowing but not sufficiently to prevent a rise in net financial income of Kr.5.6m.

The order book at the end of the year was worth Kr.4.7bn., of which Kr.2.7bn. was for armaments.

Bofors states that it is working hard to concentrate its steel products and resources, partly in cooperation with other Swedish steelmakers. Steel provided nearly a quarter of total sales last year and made an operating loss of Kr.54m.

A further loss is regarded as inevitable this year, despite an improvement in competitiveness brought about by the devaluation of the krona.

Setback for Royal Nedlloyd

BY CHARLES BATCHELOR

ROTTERDAM, April 26.

ROYAL NEDLLOYD Group, the Dutch shipping line, reports a decline in net profits for 1977 and expects a further fall in the current year.

The company, which changed its name from the Netherlands Shipping Union (NSU) last year, was adversely affected by overcapacity in world shipping markets and by the foreign exchange appreciation of the guilder.

Nedlloyd originally forecast its 1977 profit would be unchanged from the Fls.…5m. of 1976. The final result was a net profit of Fls.…m. Operating profits showed an even sharper decline to Fls.46.4m. from Fls.137.6m.

Nedlloyd proposes to cut its dividend to Fls.9 per share from Fls.… Turnover fell to Fls.…bn. from Fls.2.39bn.

The improvement in international trade "which many were expecting in 1977 did not come about," the Board told a Press meeting to present the annual report. The further increase in shipping capacity had far reaching consequences for tariffs and the shipping lines' competitive position.

Tanker and bulk cargo rates remained at very low levels while overcapacity in some areas of Nedlloyd's scheduled services also brought margins under pressure. Start-up costs of two drill-ships were higher than expected.

The company expects to make satisfactory profits on its non-shipping activities and minority holdings in 1978 but overcapacity and stiff competition will continue to affect some scheduled shipping services.

Nedlloyd sold 12 conventional cargo vessels of a total 143,000 dwt in 1977 and put into service one new roll-on/roll-off vessel. It has nine vessels on order currently but does not plan any further major investments after placing orders worth Fls.550m. last year.

The company foresees overcapacity, particularly for tankers and bulk-carriers, lasting into the mid-1980s, the chairman of the managing Board Mr. Bernard Ruys said. Some governments are continuing to finance shipbuilding despite the excess capacity which already exists. "A healthy shipbuilding industry depends, however, on a healthy shipping sector. Dutch shipowners are in favour of a unified EEC approach to the problem but the U.K. and Denmark are opposed to this," he reported.

Unlike previous years Nedlloyd has not for 1977 prepared a set of accounts based on current costs. The limited number of new ships being built makes it difficult to assess the value of its fleet while the fall in new ship prices has also distorted the picture. The company's own estimates put the current costs of its fleet at Fls.2.3-2.4bn., roughly the same as the historic cost.

Canadian funding by Swiss insurer

BY OUR FINANCIAL STAFF

MODESTLY higher profits and plans to raise $C50m. through an issue in Canada of a convertible bond are announced by Winterthur, the third largest insurance group in Switzerland.

The funding will carry a coupon of 5 per cent and run for eight years. The loan will be divided into bonds of $1,000 with subscription entitlement on the basis of one bond for 14 shares, Participation Certificates and convertible bonds already held.

Each bond can be converted into one bearer share and additionally entitles the holder to purchase for Frs.500 one registered share in Winterthur between January 1979 and December 1980.

The fund raising will increase the company's capital to Sw.Frs80m. from Sw.Frs.70m., made up of shares and participation certificates. It is designed to finance expansion in Canada following the acquisition last year of two Canadian companies.

Net profits last year rose to Sw.Frs.50.4m. ($22.7m.) from Sw.Frs.48.1m. Premium income was Sw.Frs.1.73bn. compared to Sw.Frs.1.66bn. The dividend is being held at Sw.Frs.45 a share.

Order intake up at Sandvik

By Our Nordic Correspondent

STOCKHOLM, April 25.

SANDVIK, the Swedish cemented carbide and steel group, notes in the final shareholders report for 1977 that the order intake has continued to rise in the first months of 1978 at the same rate as last year. The Board accordingly confirms its earlier forecast of a 17 per cent. increase in sales to Kr.5.3bn. ($1.15bn.) in 1978 with earnings, restricted by price developments, remaining at last year's level of Kr.470m.

At the same time, in an analysis of the group's long-term prospects, the report pleads for domestic understanding of the need to expand Sandvik's foreign manufacturing base. This echoes the thesis Mr. Tom Wachmeister, Atlas Copco's managing director, argued at his annual general meeting last week.

The group's 1978-81 plan calls for an average annual increase in sales of 15 per cent., of which half would be volume growth. Over the same period the share of cemented carbide products is expected to reach 55 per cent. of total sales.

Cockerill loss emphasises need for restructuring

BY DAVID BUCHAN

BRUSSELS, April 26.

COCKERILL, the largest Belgian steel concern, has reported what is probably the biggest annual loss in Belgian corporate history —B.Frs.7.26bn. ($220m.) for 1977. Drastically underlining the need for radical restructuring of the country's steel sector, the increased loss means that for the third successive year, Cockerill is not paying a dividend. Losses since 1975 now total B.Frs.13bn.

The 1976 increase in turnover was entirely wiped out last year, with the total falling by B.Frs.4.4bn. to B.Frs.47.2bn. The company says that the deterioration in steel prices during 1977 meant that some B.Frs.3.4bn. in revenue was lost, while wage and social security costs rose 10 per cent.

Injecting a small note of hope amid the gloom, Cockerill says that the increase in operating loss was limited to B.Frs.2.83bn. by means of productivity improvements, including redundancies and earlier retirements, which saved the company some B.Frs.1.25bn., and in savings in raw materials of some B.Frs.700m. Overall, the 1977 operating loss came out at B.Frs.5.25bn. after B.Frs.2.61bn. set aside for depreciation.

The company, whose main plants are at Liege but which also has subsidiaries in France, reckons that this year will be better—it is hard to see how it could be much worse. Specifically, Cockerill sees a current pickup in the steel market and an increase in steel prices from the effects of the current Common Market system of guideline prices for the internal EEC market, and more vigorous EEC action against cheap imports.

But the company's financial position will take some retrieving. Long- and medium-term debt, already dwarfing the company's own funds, amounted to B.Frs.20bn. in 1976, and last year Cockerill borrowed a further B.Frs.800m. from banks, and took up B.Frs.3bn. of the B.Frs.5bn. line of credit given it by the government through Societe Nationale de Credit a l'Industrie.

Group profits rise at Bekaert

BY OUR OWN CORRESPONDENT

BEKAERT, the Belgian-based group which is Europe's largest maker of wire products, has increased its dividend to BFrs.116 for 1977, compared with BFrs.112 net the year before, on increased turnover for both the Belgian parent and group companies.

Net profit for the Belgian parent, Bekaert NV, for 1977 fell to BFrs.404m. ($12.5m.) from BFrs.441m. in 1976. This was only because, like a number of other Belgian companies, Bekaert decided to increase its usual depreciation last year by an extra BFrs.73m., taking advantage of last November's Belgian law allowing faster write-offs for companies creating new jobs.

Group profits, overall, rose slightly to BFrs.575m. (BFrs.565m.), mainly because of expanding and successful ventures in Latin America. Bekaert has a large number of plants or associations world-wide, including a one-third stake in the Sheffield company, Tinsley Wire.

Cement-Roadstone to spend $49m.

CEMENT-Roadstone Holdings, Ireland's biggest industrial company, is to invest some $49m. in group development and expansion in Ireland during 1978. This is a record level of capital expenditure by CRH in a single year.

According to Mr. Michael Dargan, chairman of CRH, it is estimated that this investment programme will result in the creation of 1,000 new jobs in 1978 and an additional 1,000 jobs over the next four to five years.

Investment by CRH over the past four years totalled $120m. and pre-tax profit for the same period amounted to $79m. "Investment on this huge scale can only be maintained if our companies are permitted to earn a realistic return on capital employed."

Changes in Olivetti capital and Board

ROME, April 26.

A MAJOR capital and boardroom reorganisation of the international mechanical-electronics group Olivetti was approved to-night. The plan involves the former managing director of Fiat, Sig. Carlo de Benedetti, subscribing L15bn. for an approximate 20 per cent. share in the Ivrea-based company.

Olivetti is to increase its capital from L60bn. to L100bn. through a rights issue of new shares with a nominal value of L1,000 each to consolidate its financial position and reduce the crippling burden of the group's accumulated debts, totalling nearly L800bn.

The Olivetti board also appointed to-night Sig. de Benedetti deputy chairman of the group, replacing Sig. Roberto Olivetti, who resigned earlier this year.

Since it is unlikely that small shareholders will subscribe to the issue, a consortium of credit institutes led by Mediobanca and including a number of major state banking institutes like IMI, Banca Commerciale Italiana, Credito Italiano and Banco di Roma, will underwrite the issue.

While the Fiat group, currently holding a 7 per cent. stake in Olivetti, is understood to have originally opposed the de Benedetti operation, it is believed to have reconsidered its position in that the deal effectively represents an example of how Italian private industry can still function.

Olivetti, whose turnover last year totalled L1,365bn., reported profits of L1bn. in 1976 and is expected to report higher profits in 1977.

SELECTED EURODOLLAR BOND PRICES

MID-DAY INDICATIONS

	Bid	Offer
Newfoundland 9pc 1989	99¾	100¼
Norges Kom. Bk. 8½pc 1992	97½	[illegible]
Norpipe 8½pc 1989	97½	98
Norsk Hydro 8½pc 1992	96¼	97¼
Oslo 9pc 1988	101½	102
RHM 9pc 1992	[illegible]	[illegible]
Selection Trust 8½pc 1989	91	92
Skand. Enskilda 9pc 1991	99¼	100¼
SKF 8pc 1987	[illegible]	[illegible]
Sweden (K'dom) 8½pc 1987	[illegible]	97
United Biscuits 9pc 1989	99	[illegible]
Volvo 8pc 1987 March	[illegible]	[illegible]
NOTES		
Australia 7½pc 1984	96	96½
Bell Canada 7¾pc 1987	[illegible]	96
Br. Columbia Hyd. 7¾pc '85	94	94½
Can. Pac. 8¼pc 1984	[illegible]	100¼
Dow Chemical 8pc 1986	99	[illegible]
ECS 7½pc 1982	97	97½
ECS 8½pc 1989	[illegible]	[illegible]
EEC 7¾pc 1983	[illegible]	[illegible]
EEC 7¾pc 1984	[illegible]	[illegible]
Enso Gutzeit 8½pc 1984	[illegible]	[illegible]
New Brunswick 8pc 1984	[illegible]	[illegible]
New Bruns. Prov. 8¼pc '83	[illegible]	[illegible]
New Zealand 8¼pc 1986	[illegible]	[illegible]
Nordic Inv. Bk. 7¾pc 1984	[illegible]	97
Norsk Hydro 7¾pc 1982	[illegible]	[illegible]
Norway 7¾pc 1982	[illegible]	97
Ontario Hydro 8pc 1987	[illegible]	97
Singer 8½pc 1982	[illegible]	101
S. of Scot. Elec. 8¾pc 1981	100	[illegible]
Sweden (K'dom) 7¾pc 1982	[illegible]	[illegible]
Swedish State Co. 7¾pc '82	96	[illegible]
Telmex 9½pc 1984	[illegible]	[illegible]
Tenneco 7¾pc 1987 May	[illegible]	93
Volkswagen 7¾pc 1987	[illegible]	[illegible]

STERLING BONDS	Bid	Offer
Allied Breweries 10½pc '90	[illegible]	[illegible]
Citicorp 10pc 1993	[illegible]	[illegible]
Courtaulds 9½pc 1989	[illegible]	[illegible]
ECS 9½pc 1989	[illegible]	[illegible]
EIB 9¼pc 1988	[illegible]	[illegible]
EIB 9¾pc 1992	[illegible]	[illegible]
Finance for Ind. 9½pc 1987	91	[illegible]
Finance for Ind. 10pc 1989	[illegible]	92
Fisons 10½pc 1987	[illegible]	[illegible]
Gestetner 11pc 1988	[illegible]	[illegible]
INA 10pc 1988	[illegible]	[illegible]
Rowntree 10¾pc 1988	[illegible]	[illegible]
Sears 10½pc 1988	[illegible]	[illegible]
Total Oil 9½pc 1984	[illegible]	[illegible]

DM BONDS

FLOATING RATE NOTES

Source: White Weld Securities.

CONVERTIBLES

Source: Kidder, Peabody Securities.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

JAPANESE NEWS

New models boost Matsushita sales

BY YOKO SHIBATA

TOKYO, April 26.

MATSUSHITA Electric maintained stable growth in both consolidated revenue and profits for the first quarter of fiscal 1978, making a sharp contrast with Sony, whose consolidated net profits were halved in the first quarter ended last January.

Despite unfavourable conditions such as a slackening in domestic demand, a rising yen value, and worldwide import restrictions, Matsushita's revenue on a consolidated basis increased by 9 per cent. to Y478bn. (some $2.1bn.) for the first quarter of 1978. The revenue gain was attributed to the company's efforts to introduce new models and products. Favourable sales of home electrical appliances, audio equipment and video tape recorders also contributed to the revenue gain.

Exports went up by 16.1 per cent. to Y141bn., and accounted for 29.4 per cent. of total turnover. To cope with the rising value of the yen, the company has attempted to rationalise its material costs. It has requested parts manufacturers to cut down parts costs, and also reduced its own parts requirements as much as possible.

Consolidated net profits were Y18.6bn. ($83m.), up 10 per cent over the corresponding period in the previous year.

Net profits per share were Y17.73, compared with Y17.10.

For the current half-year ending in August, the company will try to develop new added value products and to expand overseas production. At the same time it will try to increase sales by offshore trading through its subsidiary Matsushita Electric Trading.

* * *

DAIMARU, THE Japanese department store concern, raised its net profits in the year to February 28 by 3.1 per cent. to Y3.63bn. ($14.9m.), from Y3.26bn. in the previous year.

Sales increased 3 per cent., to Y367.06bn. ($1.63bn.) from Y356.4bn.

For the current year, the company forecasts a 13 per cent. rise ing net profits to Y3.8bn., on sales up 4.9 per cent. to Y385bn.

Another department store company, Takashimaya, has reported a net profit increase of 0.2 per cent. in the same period, to Y3.21bn. ($14.3m.) from Y3.21bn., on sales of Y330.62bn. ($1.47bn.), or 6.5 cents more than in the previous year's Y310.37bn.

Takashimaya forecasts that net profits this year will rise 2.6 per cent. to Y3.3bn., and sales 4.3 per cent. to Y345bn.

AP-DJ

Leading superstores maintain improvement

BY OUR OWN CORRESPONDENT

TOKYO, April 27.

JAPAN'S six major superstores continued to improve their profit performance in the business year to February.

Low personal consumption caused by the prolonged recession and the warm winter climate since November, which held down the profitable sales of winter clothing, means that not one of the superstores achieved its original sales target for the year. Sales at their shops showed single figure growth, at 4.3 per cent. for *Dai-Ei, 5.9 per cent. for Seiyu*, 9.3 per cent. for Jusco, 4.5 per cent. for Nichii, 6 per cent. for Uny and 5.3 per cent. for Nagasakiya. The sales decline at these shops tended to be covered, however, by active expansion of sales outlets, which generally brought double figure sales growth. Dai-Ei's sales totalled Y87.63bn. ($388m.) (up 11.1 per cent.), Seiyu's Y44.41bn. (up 13.2 per cent.), Jusco's Y37.88bn. (up 25.6 per cent.), Nichii's Y31.35bn. (up 10.7 per cent.), Uny's Y23.4bn. (up 9.7 per cent.) and *Nagasakiya's Y21.2bn.* (up 0.06 per cent.).

A fall in interest rates, against the background of a series of official discount rate cuts, meant that a declining burden of interest payments contributed to substantial gains in profits.

Recurring profits for Dai-Ei were Y11.15bn. (up 25 per cent.), for Seiyu at Y5.5bn. (up 30 per cent.), for Jusco Y9bn. (up 23.3 per cent.), for Nichii Y7.5bn. (up 11.9 per cent.), for Uny Y5.8bn. (up 38 per cent.), and for Nagasakiya Y5.1bn. (up 15.9 per cent.).

Net profits at Dai-Ei were Y6.0bn. (up 22.4 per cent.), at Seiyu Y2.8bn. (up 12 per cent.), at Jusco Y4.8bn. (up 37 per cent.), at Nichii Y4.1bn. (up 20.5 per cent.), at Uny Y2.7bn. (up 42 per cent.), and at Nagasakiya Y2.4bn. (up 26.3 per cent.).

Reduction of personnel costs and stricter commodity control contributed to the profits improvement.

For the current fiscal year, the six superstores see a favourable prospect, since personal con*sumption* is expected to recover, and declining interest payment as a result of official discount rate cuts is expected to take further effect. The superstores predicted that sales in the current fiscal year may grow about 10 per cent.

On the strength of the bullish profit outlook, the superstores are continuing to map out store expansion projects for the current year. Dai-Ei plans to open seven or eight stores (earmarking Y50bn.), Seiyu ten stores, Jusco ten, Nichii 11 (ear*marking* Y30bn.) and Uny four to five.

Record profits again at Nedbank

By Richard Stuart

JOHANNESBURG, April 26.

NEDBANK, one of the big four South African clearing banks, has again produced record profits for the first half of its financial year, ended March 31. At R16.6m. after-tax profits are 11 per cent. higher than the comparable period last year.

This profit was achieved after absorbing all known losses from lending to the construction industry and property sectors. Specifically, profits are stated after taking losses from the large Hofman property development company, which is now under judicial management.

The interim dividend has been raised 0.5 cents to 7 cents a share out of first half earnings of 19 cents. *Policy is to pay a twice*-covered dividend, and with annual earnings now expected to exceed 40 cents a share the final dividend should also be increased to make an annual distribution of 20 cents against 18 cents historically.

During the period, a 10 per cent. minority interest in the leasing subsidiary, Nedfin Bank was bought in to make Nedfin wholly-owned. The sellers were Lloyds Bank and Royal Bank of Scotland.

Nedbank economists, in the bank's quarterly review which accompanied the financial statements, take a fairly optimistic view on economic growth. A real gain of 3.5 per cent. in gross domestic product is predicted for *1978, following* on the mini stimulation provided by the Budget.

Singapore bank upsurge

By H. F. Lee

SINGAPORE, April 26.

THE DEVELOPMENT Bank of Singapore (DBS)—one of the "Big Four" Singapore banks—raised group operating profit by 17.3 per cent. to S$42.5m. ($US18.1m.).

Operating profit went up from 22.7 per cent. of total operating income in 1976 to 23.3 per cent. for the year ended December, 1977.

Group profit after tax, however, was only 11.6 per cent. higher at S$20.6m., after a higher tax charge and increased provision *for possible loan losses* and the diminution in the value of other assets.

Group chairman and president, Mr. Howe Yoon Chong, attributed the improved performance to all round growth. The bigger increases in last year's earnings came from earnings on securities, rental income and other operating income.

Interest earnings from loans and securities increased significantly, notwithstanding lower interest rates in 1977. Interest and dividends from securities, particularly, rose sharply by 48 per cent. to S$31.3m. while interest on loans rose by 2.6 per cent. to S$109.9m.

Rental income increased by 19 per cent. to S$22.1m. as a result *of higher occupancy* enjoyed by the group's main property investments—the 50-storey DBS building and the Plaza Singapura *shopping complex*.

Total assets of the group rose by 6.6 per cent. to S$3.45bn. as at end-1977 while total loans and advances including bills receivable went up by 23 per cent. to S$600.7m.

Total deposits grew by 26.1 per cent. to S$1.24bn. Loans and advances amounted to 56 per cent. of total deposits and all long term borrowing. DBS has decided to raise its proposed first and final *dividend* by one percentage point to 9 per cent.

Haw Par wins court action

SINGAPORE, April 26.

HAW PAR *Brothers* International has won an appeal court action allowing it to write off accumulated deficits of S$58.94m. through a write-down of its share premium account.

The company said the reduction of the share premium account is expected to be com*pleted in a few weeks*.

The appeal court decision reversed a high court decision last November to dismiss the company's petition to be allowed to make the reduction.

In November, the company said the purpose of the write-down was to remove accumu*lated deficits from* the books, clearing the way for a possible resumption of dividend payments.

Reuter

Savings to be encouraged

By L. Daniel

JERUSALEM, April 26.

THE ISRAELI *authorities* are looking for new ways and means to encourage saving by the public and thus syphon off surplus purchasing power. One proposal being studied is the introduction of a scheme under which people could save not only for a flat or house but for plots in development areas.

The scheme would be operated by the Lands Authority. A member of the Knesset Finance Committee has put forward a suggestion for savings accounts not linked to the Israel pound, or the dollar, but to a basket of currencies. Meanwhile, the committee has approved a new type of six-year saving scheme, to be operated by the banks, under which £I75,000 may be deposited during that period, linked either 80 per cent. to the index, or fully to the dollar. The banks are to *be permitted to invest* 17 per cent. of the sums deposited at their discretion, while the remaining 83 per cent. will have to be invested in Government bonds.

Kuwait and Bahrain issues break new ground for CDs

BY MARY CAMPBELL

The certificate of deposit (CD), until recently confined to the U.S. and British money markets, is rapidly *becoming an estab*lished funding technique for banks in an increasing number of the world's financial centres. The latest *developments* are the launching of the first floating rate CD (FRCD) issues in Kuwaiti dinars and on the Bahrain market.

Union des Banques Arabes et Francaises, the Paris-based consortium bank, has become the *first bank to issue* FRCDs on the Bahrain market. The amount being raised is $20m. and the final maturity three years. Interest on the CDs, being issued at par, will be payable at a margin of a quarter of a point above Bahrain inter-bank rates. Merrill Lynch is handling the operation.

In Kuwait, the first issue of FRCDs denominated in Kuwaiti dinars is being made by the Kuwait Real Estate Bank. The *issue is for* KD5m. ($18m.) and the maturity is three years. The margin being paid over inter-bank rates is again a quarter of a point, but in this case a minimum rate of 5¾ per cent. has been set.

The institutions handling the issue are Kuwait Foreign Trading Contracting and Investment Company (KFTCIC) and the Financial Group of Kuwait.

UBAF argues the main reason for its issue of FRCDs in Bahrain is to help develop the Bahrain money market. The move is also significant, how[ever,] in that it marks a rare occ[asion] *of an issue of U.S.* FRCDs by a non-Japanese [bank]. So far, both in Singapore [and] London—the two centres [where] U.S. *dollar* FRCDs have be[come] a regular part of the fin[ancial] scene—virtually all issues [have] been made by Japanese [banks,] which are banned from [issuing] floating rate notes.

Being a Paris-based [bank,] UBAF could not issue F[RCDs] *on the London market*. I[t has] also heavily tapped the flo[ating] rate note market already.

The ever-broadening ran[ge of] *CDs being issued around* [the] world is illustrated by the [fact] that issues currently on off[er in]clude $HK50m. (about $10[m.]) of FRCDs in Hong Kong b[y a] local subsidiary of B[anque] Nationale de Paris and a [floating] rate Kuwaiti Dinar issu[e by] Kuwait's Alahli Bank [being] placed via Kuwait Interna[tional] Investment Company.

The interest rate on the offering in Hong Kong is [the] Hongkong and Shanghai [Bank's] lending rate, subject to [a mini]mum rate of 6¾ per cent [for the] first year and 5½ per c[ent for] the two remaining year[s]. Alahli Bank's KD issue, [for] three years, offers 7 pe[r cent]. Market sources say that [the size] of the latter issue will [probably] be increased before it is [...]

Ampol resumes interim after doubled earnings

BY JAMES FORTH

SYDNEY, April [...]

AMPOL EXPLORATION has re*sumed interim dividend* payments and declared a one-for-five scrip issue after more than doubling earnings, from $A1.6m. to $A3.5m. ($U.S.3.9m.) in the March half-year. The result is in line with directors' predictions last year of a $A7m. profit for the full year, and comes from higher prices *for local crude oil* granted by the Australian Government last year.

Ampol Exploration, which is a *partly-owned subsidiary of Ampol* Petroleum, is a partner in the Barrow Island oilfield off the coast of Western Australia. [The] average price of Barrow [crude] was $A6.37 a barrel (ex[cluding] excise levy), compared [with] $A2.62 a barrel in the [same] period last year. Volume of oil dropped from 6.2m. [...] or 34,133 barrels a day, [to ...] barrels, or 29,845 barrels [...].

The directors have decla[red an] *interim dividend of 3.75* [cents a] share—the first interim pa[yment in] three years. Last year [a final] of 3.75 cents was paid, [making] an annual rate of 7.5[...]. Shares from the scrip issu[e will] receive the interim divide[nd].

Jardine Matheson offer

BY DANIEL NELSON

HONG KONG, April [...]

JARDINE MATHESON is offering to acquire the 16 per cent. of the issued capital of *Jardine Industries which it does* not already own for $HK4 a share. The acquisition, worth some $HK7.5m. ($U.S.16m.), will *be effected by means of a scheme* of arrangement.

The move is the latest in a series of changes which have included the appointment of a new managing director, Mr. Alan Mills, last year, and other management changes in Jardine Industries and certain major subsidiaries.

This has followed a serious downturn in the company's fortunes in 1977, the first warning of which was a cut in the interim dividend from six cents to three. A company statement at the time said that trading results had been poor, and warned that earnings for the year would be "substantially less" than the $HK12.59m. achieved in 1976, at *the end of which earnings and* dividends were forecast to show further improvement.

The main cause of the trouble appeared to lie in the diversification by Jardine Industries' main subsidiary Concept 2000, into radios and TV [...]. "Highly competitive marke[t con]ditions affecting the con[sumer] *electronics sector*," partic[ularly] in the U.S., are blamed fo[r Con]cept's problems, as a rea[son] which it stopped develop[ment] in these fields, to concentra[te on] toys.

Jardine Industries finish[ed the] year with a post-tax pro[fit of] $HK4.07m., but there [was an] operating loss of $HK[...] and extraordinary prof[its of] $HK4.73m. There was n[o] dividend.

Announcing these resul[ts last] month, the company said [it] is hoped that the compan[y will] show improved results [...] *but the extent of this re*[covery] will largely depend on th[e eco]nomic conditions within [Hong] Kong's export markets."

Jardine Industries' share[s] stood at around $HK2 a [...] ago, and rose to $HK3 yest[erday].

● Jardine Matheson earlie[r this] month announced plans to [re]struct its Singapore-based [sub]sidiary Jardine Matheson [and] Co. (South East Asia) in[volving] the cancellation of the O[...] *shares not owned by the* [...] and their replacement by [...] stock.

VONTOBEL EUROBOND INDICES

145.76=100%

PRICE INDEX	25.4.78	18.4.78	AVERAGE YIELD	25.4.78
DM Bonds	106.53	107.34	DM Bonds	6.481
HFL Bonds & Notes	104.86	105.18	HFL Bonds & Notes	7.370
U.S. $ Strt. Bonds	100.44	100.37	U.S. $ Strt. Bonds	8.610
Can.-Dollar Bonds	98.67	98.97	Can.-Dollar Bonds	9.515

NEDC industrial finance body

The National Economic Development Council has reconstituted its Committee on Finance for Investment with the revised title of Committee on Finance for Industry. New terms of reference widen its coverage from manufacturing investment to industrial and commercial finance for all purposes.

The Committee now has special responsibilities for financial aspects of the industrial strategy and financial problems disclosed by Sector Working Parties. It is to examine and report on the case for a bank loan guarantee scheme for small and medium sized firms which had exhausted their unsupported ability to borrow.

A Working Party has been set up, to be headed by Mr. Bernard Asher, acting director-general of NEDO, to establish whether there is a need for a loan guarantee scheme and, if so, what arrangements would be most suitable.

Lord Roll of Ipsden, chairman, S. G. Warburg and Co. will continue to head the Committee, members of which are: Mr. B. Asher, acting director-general, National Economic Development Office; Mr. J. C. Burgh, deputy secretary, Department of Prices and Consumer Protection; Mr. I. ...ss, chairman, Bonas Machine Company; Mr. A. G. Christopher, general secretary, Inland Revenue Staff Federation; Mr. A. H. A. ...bbs, deputy chairman, National Westminster Bank; Mr. G. Drain, general secretary, National and Local Government Officers' Association; Mr. J. S. Fforde, executive director, Bank of England; Mr. I. ... Fraser, deputy-chairman, Lazard Brothers and Co.; Mr. J. Gormley, president, National Union of Mineworkers; Mr. W. G. ...eslam, chief general manager, Prudential Assurance Co.; Mr. F. ...nes, Deputy Secretary, HM Treasury; Sir Arthur Knight, chairman, Courtaulds; Mr. D. E. ..., assistant general secretary, Trades Union Congress; Mr. J. ...ppitt, deputy Secretary, Department of Industry; Sir Donald MacDougall, chief economic adviser, Confederation of British Industry; Mr. K. G. Smith, director of pensions, Reed International; and Mr. E. S. Swainson, managing director, Imperial Metal Industries.

★

Mr. R. E. Goodfellow has been appointed chairman, and Mr. A. R. ...rindoe, vice-chairman, of CHELSEA BUILDING SOCIETY.

★

Mr. H. R. Moore will be taking over in May as chairman of the Board of MOLINS. The present chairman, Sir Stephen Brown, is retiring, having served as chairman for the past seven years. Mr. Moore is a director of the Hill Samuel Group, chairman of ...aveley Industries, vice-chairman of Philip Hill Investment Trust and a director of Stone-Platt Industries.

★

Mr. O. W. Andrews has been appointed managing director of KLEINWORT BENSON PROPERTY MANAGEMENT AND SERVICES and has accordingly resigned as secretary of Kleinwort, Benson, Lonsdale and its banking subsidiary, Kleinwort, Benson. Mr. P. R. Churchill-Coleman has been made secretary to both these companies.

★

Lord Charteris of Amisfield, whose appointment to the Board of the DE LA RUE COMPANY was wrongly attributed to "Lord Chateris" in yesterday's Financial Times, was private secretary to the Queen as Sir Martin Charteris until his retirement in 1977.

★

Mr. Quentin Guirdham has been appointed a director of STREETS FINANCIAL.

★

Mr. G. C. Lees, Mr. J. C. Banner, Mr. R. M. S. Parsons and Mr. K. W. W. Brown will be joining the partnership of PANMURE GORDON AND CO., stockbrokers, on May 2.

★

NEVE ELECTRONICS INTERNATIONAL has made the following Board appointments on its change of name from Rupert Never and Co. Mr. Derek Tilsley is managing director, Mr. Jonathan Pedre marketing director, and Mr. Les Lewis sales director.

★

Mr. John E. Colman, chairman of the Colman Group, has been elected president of the AGRICULTURAL ENGINEERS ASSOCIATION. Mr. John M. Goymour is first vice-president and Mr. H. M. Bennison second vice-president.

★

Mr. Hugh Davidson, vice president of International Playtex Inc., has been elected chairman of the MARKETING SOCIETY and Mr. Rex van Rossum, marketing director of Carreras Rothmans has become vice chairman of the Society.

★

The following have been appointed members of the METROLOGY AND STANDARDS REQUIREMENTS BOARD: Prof. G. Allen, chairman, Science Research Council; Mr. W. P. Cole, director of quality engineering, GEC-Marconi Electronics; Dr. G. B. R. Feilden, director-general, British Standards Institution; Dr. I. Levy, technical director, Littlewoods Organisation; Mr. T. J. Phillips, managing director, Coventry Gauge; Mr. J. T. Stamper, technical director, British Aerospace.

★

Mr. Arthur Hinchey has been appointed to the Board of WATNEY MANN NATIONAL SALES as finance and administration director. He remains secretary.

U.K. ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output, engineering orders, retail sales volume (1970=100); retail sales value (1971=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unemployed	Vacs.
1977							
...qtr.	100.2	105.2	112	103.3	216.4	1,330	na
...qtr.	103.2	105.2	109	103.3	216.4	1,330	na
...d qtr.	102.0	103.0	105	102.5	222.0	1,330	163
...d qtr.	102.7	103.7	107	104.3	234.2	1,418	151
...h qtr.	102.0	102.9	107	104.4	239.4	1,431	157
...ct.	101.7	102.7	107	102.7	234.2	1,433	153
...ov.	101.6	102.1	100	103.1	236.3	1,433	156
...ec.	102.5	103.7	115	106.9	246.0	1,428	163
1978							
...n.	103.0	103.2	107	104.5	241.0	1,419	180
...b.	103.8	103.8		106.8	246.5	1,409	187
...arch				106.0		1,400	196
...pril						1,387	204

OUTPUT—By market sector: consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1970=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1977							
...qtr.	115.8	99.4	108.1	100.4	83.9	104.4	19.9
...d qtr.	113.3	97.8	105.2	98.9	80.5	99.9	25.1
...d qtr.	115.3	97.9	104.8	99.4	83.3	100.7	25.4
...h qtr.	117.0	97.6	101.1	99.1	74.8	100.0	20.7
...ct.	117.0	98.0	101.0	99.0	75.0	101.0	24.7
...ov.	116.0	97.0	101.0	99.0	70.0	98.0	21.2
...ec.	118.0	98.0	102.0	100.0	79.0	101.0	16.1
1978							
...n.	116.0	99.0	104.0	100.0	76.0	100.0	17.5
...b.	116.0	99.0	106.0	100.0	79.0	102.0	15.3

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance; oil balance; terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1977							
...d qtr.	141.7	141.3	−764	−364	−743	100.3	14.9
...d qtr.	145.5	144.0	+ 54	+483	−602	101.0	13.4
...h qtr.	147.6	144.2	+ 45	+351	−657	102.4	20.39
...t.	147.4	144.9	+ 53	+155	−228	101.7	20.21
...ov.	147.2	143.8	+ 68	+170	−154	102.4	20.39
...ec.	148.3	143.8	− 76	+ 26	−275	103.1	20.56
1978							
...t qtr.	149.1	142.0	−518	−218	−646	1,050	20.63
...n.	149.1	141.4	−334	−234	−236	105.4	20.87
...b.	148.5	141.8	+ 80	+180	−202	104.7	20.7
...rch	149.6	142.7	−264	−164	−208	104.8	20.32

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m.); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m.	BS inflow	HP lending	MLR %
1977							
...d qtr.	35.0	15.3	5.5	+769	1,296	1,049	8
...d qtr.	36.7	14.9	20.3	+365	1,084	1,151	7
...h qtr.	21.2	14.1	8.4	+756	1,565	1,184	7
...	35.5	17.1	4.9	+336	590	371	5
...v.	41.4	19.5	6.1	+299	554	402	7
...c.	21.2	14.1	8.4	+109	421	411	7
1978							
...qtr.	19.9	16.2	17.5	+1,369	1,049		6½
...	24.3	16.2	13.4	348	388	425	6½
...b.	21.9	18.4	17.9	384	353	419	6½
...rch	19.9	16.2	17.5	437	308		6½

INFLATION—Indices of earnings (Jan. 1976=100), basic materials and fuels, wholesale prices of manufactured products (1970=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (Dec. 1971=100).

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1977							
...qtr.	114.5	347.7	259.2	181.9	191.1	250.0	61.6
...qtr.	116.1	340.5	267.7	184.7	192.1	[illegible]	61.8
... qtr.	119.9	330.6	272.1	187.4	193.3	234.20	63.3
...t.	117.9	333.8	271.0	196.5	192.3	236.38	62.5
...v.	120.1	329.9	272.0	187.4	192.9	238.34	63.6
...	121.7	328.0	273.3	188.4	194.8	234.20	63.8
1978							
...qtr.		326.6	278.9	190.6	197.3	238.61	64.6
...t.	121.5	324.9	277.1	189.5	196.1	226.41	66.0
...).	122.6	324.1	279.2	190.6	197.3	224.86	66.0
...rch		330.7	280.4	191.8	198.4	238.61	61.8

* Not seasonally adjusted.

BUSINESS AND INVESTMENT OPPORTUNITIES

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Rally extended in heavy early trading

BY OUR WALL STREET CORRESPONDENT

NEW YORK, April 26.

STOCKS MOVED higher in heavy mid-session dealings, after trading weaker in the first hour on investor expectations of another large deficit in the U.S. balance of trade.

When the figures were announced they showed the deficit to be $2.78bn. for March—much smaller than February's record $4.52bn. gap.

By 1 p.m., the Dow Jones Industrial Average had pushed ahead 5.29 to 838.88 while the NYSE All Common Stocks index showed a gain of 16 cents at $53.97.

Volume at 1 p.m. was down on yesterday's massive 41.01m. shares, but at 30.72m. shares was still very active.

Sears was leading the mid-session list of volume leaders, rising $¾ to $25¾. Next was by Pepsico, down $½ at $29.

General Motors, also active rose $¾ to $66¼, despite yesterday's report of a small decline in mid-month car sales.

Ford Motor, which announced a sharp increase in its sales, advanced $1 to $50½.

Among companies reporting earnings, Chrysler was steady at $12½. It reported sharply higher car sales yesterday and came in with a first-quarter loss, compared with a year-ago profit.

Xerox rose $¾ to $49¾ on higher earnings, while Mobil Corporation, also posting an earnings rise, picked up $½ to $65¼.

Avon, raising its dividend 5 cents to 65 cents a share, rose $¾ to $52½.

Prices were lower on the AMERICAN SE. The index eased 0.12 to 136.56. Volume was an active 3.81m. shares at 1 p.m.

Closing prices and market reports were not available for this edition.

TUESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Eastman Kodak	519,100	50	−1
Sears Roebuck	464,100	25⅛	−⅛
Aetna Life & Cas.	396,900	41⅞	−⅛
Digital Equipment	394,600	45⅛	−1
IBM	342,700	251½	+1⅞
A. H. Robbins	339,400	10⅛	−⅛
Carrier	339,000	19⅛	−⅛
Citicorp	334,300	23⅛	−⅛
Pepsico	330,700	29⅜	−⅛
General Electric	316,100	52½	−⅛

OTHER MARKETS

PARIS—Most shares eased after a nervous opening with this week's retail price index, which is expteced to be between eight and nine per cent., and th public sector price rise announcement depressing values.

Trading remained lively, however, with Engineerings holding steady while Hotels and Chemicals finished irregular.

Reffineries de St. Louis went limit-up for the third consecutive day.

Peugeot-Citroen eased Frs.7 to 378, in spite of its announcement of a higher dividend. Carrefour Supermarche also fell, despite announcing a 20 per cent. increase in annual sales.

TOKYO — Higher in active trading, led by low-price issues related to commodity markets. The Tokyo SE index edged forward 0.13 to 411.45, while the Nikkei-Dow Jones average put on 18.86 to 5,540.56.

Volume totalled 320m. shares—a considerable increase on Tuesday's 230m. level.

Steels, Textiles, Chemicals and Papers gained, while Electricals fell on profit-taking.

Toray rose Y3 to Y140, Jujo Paper Y5 to Y250, Nippon Soda Y27 to Y222, Nissan Chemical Y7 to Y142 and Mitsubishi Steel Y14 to Y188.

Buying interest extended to Foodstuffs, including Hohnen Oil, Godo Brewery and Yoshiwara Fats and Oils.

Some cars were also higher, including Toyota Y10 ahead at Y960 and Honda Y6 in front at Y608. Electricals fell, however, Sony by Y30 to £1,900 and TDK by Y50 to Y2,080.

HONG KONG — Share prices continue their advance as overseas and local demand prompted active trading. The Hang Seng index rose 4.82 to a new high for the year of 459.91. This is the index's highest level since March 19, 1976. Volume totalled $HK78.88 ($HK64.55).

Jardine Industries rose 55 cents to $HK3.85 after Jardine Matheson —up 30 cents to $HK13.60—announced a cash offer of $HK4 for every Jardine Industries share it does not already hold.

Overseas buying was concentrated mainly on the leaders, Hong Kong Bank gaining 50 cents to $HK15.70, Swire Pacific 15 to $HK7.05, Hong Kong Land 10 to $HK7.90, Wheelock Marden 7½ to $HK2.425 and Hutchison Whampoa 5 to $HK4.50.

GERMANY — Some early demand was cancelled out by foreign selling orders so that, at the close, price changes were mixed.

BMW led Motors higher, moving ahead DM2.2 to DM219. Conti Gummi advanced DM1.50 to DM73.50.

Hoechst gained 10 pfennigs to DM131.10 following yesterday's dividend announcement, and most other major shares finished narrowly mixed.

SWITZERLAND—Stocks staged a partial recovery from the previous day's decline on selective demand, but closed irregular overall.

In Insurances, Winterthur Bearer and Participation Certificate fell, while its Registered stock was unchanged, despite a good earnings report and proposed capital increase.

In Chemicals Ciba-Geigy Bearer rose Sw.Frs.20 to 1,120 and its Participation certificate Sw.Frs.20 to 820, but its Registered share edged Sw.Frs.5 lower to 625 ahead of quarterly results later this week.

BRUSSELS—Mostly lower on profit-taking in lively trading.

Cobepa, Vieille Montagne, GB and St. Roch rose, while Hoboken, FN, Cockerill, Hainaut Sambre, ACEC, Socfin, UCB, CBR and Arbed fell.

Bekaert, which announced an increased dividend for 1977, rose 2 per cent.

AMSTERDAM—Mixed with a lower bias, mainly due to lack of interests and some profit-taking.

Akzo, Royal Dutch and Unilever were lower in Internationals, but Phillips gained Fls.1. to 25.6 and Hoogovens Fls.1.5 to 28.2, the latter ahead of its 1977 annual report later this week.

Higher issues included Ennial, Fokker and ABN, While lower shares were led by Heineken, Naarden and Amfas.

MILAN—Mixed in very thin trading.

JOHANNESBURG — Firmer across the board in fairly heavy trading, following the South African acceptance of proposals by the Western powers on Namibia.

CANADA—Slightly higher in moderate early trading. The Toronto SE Index gained 0.2 to 1,088.6 at noon, while Metals advanced 2.7 to 915.7. Golds 1.9 to 1,211.4 and Oils 1.6 to 1,400.5.

Rio Algom fell $C¼ to $C30⅞ on lower first quarter earnings, while Mercantile Bank shed $C½ to $C13⅜ and Imperial Oil "A" $C¼ to $C19⅝.

AUSTRALIA — Prices rose strongly in a buoyant market, helped by the slower Australian consumer price increase in March.

BHP gained 22 cents to close at $A6.44, while in higher banks NSW rose 14 cents to $A5.44 and the ANZ 5 cents to $A2.75.

Minings received good support, MIM gaining 5 cents to $A2.02, Hamersley 5 to $A2.05 and Peko 5 to $A4.90.

Woodside Petroleum moved up 3 cents to 81, after reporting high gas readings from Miller 1 exploration well.

Indices

NEW YORK - DOW JONES

	Apr. 25	Apr. 24	Apr. 21	Apr. 20	Apr. 19	Apr. 18	1978 High	1978 Low	Since compilat'n High	Since compilat'n Low
Industrial	833.59	826.06	812.60	814.54	808.94	805.27	834.58 (25/4)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me Bnds*	88.05	88.15	88.20	88.28	88.42	88.55	90.36 (4/1)	88.05 (25/4)	—	—
Transport	225.58	222.58	220.58	220.49	217.72	215.15	225.58 (25/4)	199.31 (9/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	106.70	106.37	106.77	106.75	105.55	104.87	110.98 (3/1)	102.84 (28/2)	165.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's	55,080	34,610	31,640	46,260	35,660	33,950	—	—	—	—

* Basis of index changed from August 24.

	Apr. 21	Apr. 14	Apr. 7	Year ago (approx.)
Ind. div. yield %	5.75	5.86	6.06	4.60

STANDARD AND POORS

	Apr. 25	Apr. 24	Apr. 21	Apr. 20	Apr. 19	Apr. 18	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
‡Industrials	106.55	105.55	104.82	104.10	105.58	102.87	106.55 (25/4)	95.52 (6/3)	134.54 (11/1/73)	3.52 (30/6/32)
‡Composite	95.64	95.77	94.34	94.54	95.86	95.45	96.64 (25/4)	86.90 (6/3)	125.85 (11/1/73)	4.40 (1/6/32)

	Apr. 19	Apr. 12	Apr. 5	Year ago (approx.)
Ind. div. yield %	5.14	5.36	5.59	4.25
Ind. P/E Ratio	8.94	8.66	8.48	10.41
Long Govt. Bond yield	8.30	8.34	8.32	7.62

N.Y.S.E. ALL COMMON

Apr. 25	Apr. 24	Apr. 21	Apr. 20	1978 High	1978 Low
53.81	53.39	52.88	52.73	53.81 (25/4)	48.37 (6/3)

Rises and Falls

	Apr. 25	Apr. 24	Apr. 21
Issues traded	1,943	1,900	1,898
Rises	968	1,010	721
Falls	603	472	715
Unchanged	372	418	462
New Highs	—	135	88
New Lows	—	17	17

MONTREAL

	Apr. 25	Apr. 24	Apr. 21	Apr. 20	1978 High	1978 Low
Industrial	178.47	178.86	178.41	178.66	181.47 (17/4)	162.90 (16/2)
Combined	186.78	186.92	186.52	186.92	187.85 (17/4)	176.82 (30/1)

	Apr. 25	Apr. 24	Apr. 21	Apr. 20	1978 High	1978 Low
TORONTO Composite	1088.4	1086.8	1086.5	1086.2	1091.4 (17/4)	990.2 (30/1)
JOHANNESBURG Gold	184.1	185.5	184.9	185.8	218.7 (1/2)	185.8 (20/4)
JOHANNESBURG Industrials	212.8	212.5	211.5	211.5	214.4 (4/1)	194.9 (15/3)

	April 25	Previous	1978 High	1978 Low
Australia (*)	416.77	409.87	479.43 (3/1)	441.19 (1/3)
Belgium (‡)	100.65	100.98	100.98 (20/4)	90.43 (12/1)
Denmark (**)	(n)	94.82	98.13 (9/1)	94.00 (6/3)
France (††)	66.7	68.4	68.7 (26/4)	47.5 (3/3)
Germany (‡‡)	767.6	766.8	812.7 (10/3)	765.8 (25/4)
Holland (§§)	79.2	79.5	82.1 (10/2)	76.0 (4/4)
Hong Kong (¶¶)	459.91	455.09	459.91 (26/4)	385.44 (15/1)
Italy (‖)	60.66	60.66	65.66 (6/3)	55.46 (10/1)
Japan (a)	411.45	411.32	416.11 (8/4)	364.04 (4/1)
Singapore (b)	305.89	305.05	304.41 (20/4)	283.00 (1/6)

	April 26	Previous	1978 High	1978 Low
Spain (d)	98.88	97.98	98.96 (26/4)	87.88 (17/3)
Sweden (e)	379.72	379.46	385.16 (19/4)	325.74 (5/1)
Switzerl'd (f)	279.5	279.0	296.36 (14/4)	279.0 (25/4)

Indices and base dates (all base values 100 except NYSE All Common — 50 Standards and Poors — 10 and Toronto 300–1,000, the last named based on 1975) † Excluding bonds. ‡ 400 Industrials § 400 Inds., 40 Utilities, 40 Finance and 20 Transport. (¶) Sydney All Ord. (‖) Belgian SE 31/12/63 (**) Copenhagen SE 1/1/73. (††) Paris Bourse 1961. (‡‡) Commerzbank Dec., 1953 (§§) Amsterdam, Industrial 1970. (¶¶) Hang Seng Bank 31/7/64 (‖‖) Milan 2/1/73. (a) Tokyo New SE 4/1/68. (b) Straits Times 1966. (c) Closed. (d) Madrid SE 30/12/77 (e) Stockholm Industrial 1/1/58. (f) Swiss Bank Corp. (u) Unavailable.

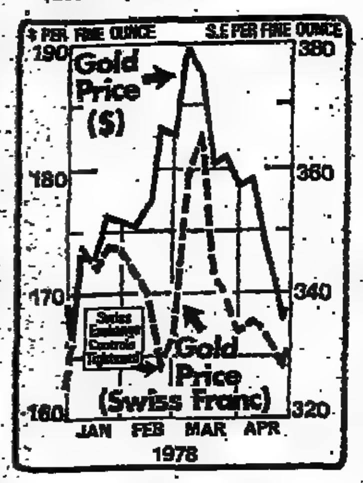
Forward £ weak

Forward sterling continued to weaken in the foreign exchange market yesterday, reflecting the pound's underlying weakness. The three-month discount against the dollar widened to 1.10c from 0.93c while the discount for 12-month delivery weakened to 3.50c against 2.95c. Initial pressure on sterling prompted Bank of England intervention in the spot rate in fairly active trading. Opening at $1.8125-1.8135, the pound improved during the morning to $1.8185-1.8195, but with the dollar improving during the afternoon, sterling fell back to close at $1.8140-1.8150, a loss of five points on the day.

Using Bank of England figures, the pound's trade weighted index remained unchanged at 61.2, having stood at 61.1 in the morning before improving to 61.2 at noon.

The U.S. dollar stayed fairly quiet ahead of the U.S. trade figures for March and after the announcement, market reaction pushed up the rate against other currencies. In terms of the West German mark, it improved to DM2.0830 from DM2.0782½ and Sw.Frs.1.9665 from Sw.Frs.1.9570 to the Swiss franc. On the other hand, the Japanese yen improved to Y226.07½ against Y227.50. The dollar's trade weighted average depreciation on a Morgan Guaranty basis, using noon rates in New York, widened to 4.85 per cent. from 4.75 per cent. and its index on Bank of England figures showed no change at 99.3.

Gold improved $½ an ounce in moderately active trading to close at $168-168½.



CURRENCY RATES

	Special Drawing Rights April 25	European Unit of Account April 25
Sterling	0.671419	0.677588
U.S. dollar	1.21970	1.25153
Canadian	1.38253	1.40177
Austria sch	18.2569	18.4302
Belgian franc	39.4451	39.8277
Danish krone	6.94924	7.01713
Deutschem'rk	2.53637	2.56050
Dutch guilder	2.70895	2.73573
French franc	5.64233	5.69593
Italian lira	—	N/a
Japanese yen	277.786	279.787
Norway krone	6.62724	6.68362
Spain peseta	98.6445	99.5693
Swedish krona	5.68039	5.73478
Swiss franc	2.39185	2.41409

EXCHANGE CROSS-RATES

April 26	Frankfurt	New York	Paris	Brussels	London	Amst'd'm	Zurich
Frankfurt	—	2.0795-0810	44.88-45.05	6.422-432	3.773-782	95.55-65	105.96-6.10
New York	48.07-09	—	21.68-88	3.0920-70	1.8130-8140	44.95-45.00	51.02-06
Paris	222.16-68	4.6125-45	—	14.272-305	8.373-393	207.38-8.38	235.45-95
Brussels	15.53-59	32.29-54	6.99-7.01	—	58.61-76	14.54-59	16.47-55
London	5.77½-78½	1.8140-50	8.38-39	58.75-85	—	4.03½-04½	3.56½-57½
Amst'dam	106.87-92	2.2181-2202	48.035-085	6.8665-8716	4.0305-55	—	113.32-37
Zurich	94.275-439	1.9630-50	42.471-648	3.058-077	3.5640-88	88.394-414	—

U.S. $ in Toronto U.S. $=113.17-21 Canadian cents.†
Canadian $ in New York †= 88.34-36 cents U.S. $ in Milan 866.60-869.00
sterling in Milan 1,576.00-1,579.08 †Rates for April 25 only

EURO-CURRENCY INTEREST RATES*

April 26	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilder	Swiss franc	W. German mark
†Short term	9½-10½	7-8	6¾-7	4-4¼	3-3¼	3⅛-3⅜
7 days notice	10-11	7-8	6⅞-7⅛	4-4¼	⅛-⅜	3⅛-3⅜
Month	9⅞-10⅜	7½-8	6¾-7	4-4¼	⅜-⅝	3⅛-3½
Three months	9½-10	8⅛-8⅝	7¼-7½	4¼-4½	1⅛-1¼	3⅜-3½
Six months	9⅞-10⅜	8¼-8¾	7½-8	4½-4¾	1¼-1⅜	3½-3⅝
One year	9⅝-10½	8½-9	7⅞-8⅛	4⅝-4⅞	1⅜-1½	3½-3⅝

Euro-French deposit rates: two-day 8¼-8½ per cent.; seven-day [illegible] per cent.; one-month 8½-9 per cent.; three-month 9-9¼ per cent.; six-month 9⅞-10⅛ per cent.; one year 10-10¼ per cent.

Long-term Eurodollar deposits: two years 8-8¼ per cent.; three years [illegible] per cent. four years 8½-8¾ per cent.; five years 8⅞-9⅛ per cent.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 7.05-7.15 per cent.; three-month 7.20-7.30 per cent.; six-month 7.55-7.65 per cent.; one year 7.80-7.90 per cent.

*Rates are nominal calling rates.

Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two days' notice for guilders and Swiss francs.

GOLD MARKET

	April 26	April 25
Gold Bullion (a fine ounce) Close	$168-168½	$167½ [illegible]
Opening	$167¾-168¼	$168-[illegible]
Morning fix'g	$168.10 (£92.454)	$168.[illegible] (£92.4[illegible])
Aftern'n fix'g	$168.90 (£92.922)	$167.[illegible] (£92.[illegible])
Gold Coins domestically Krugerrand	$173-175 (£95½-96½)	$172¼ [illegible]
N'w Sov'gns	$52-54 (£28¾-29¾)	$51¾-[illegible] (£28½[illegible])
Old Sov'gns	$51¾-53¾ (£28½-29½)	$52-54 (£28¾[illegible])
Gold Coins (internat'lly) Krugerrand	$173-175 (£95½-96½)	$172¼ (£95.9[illegible])
New Sov'gns	$52-54 (£28¾-29¾)	$51¾ (£28½[illegible])
Old Sov'gns	$51¾-53¾ (£28½-29½)	$52-54 (£28¾[illegible])
$20 Eagles	$269½-272½	$268[illegible]

FOREIGN EXCHANGES

April 26	Bank Rates %	Day's Spread
New York	6½	1.8125-1.8195
Montreal	8½	2.0500-2.0650
Amsterdam	4	4.01½-4.05
Brussels	5½	58.48-58.90
Copenhagen	8	10.50½-10.57
Frankfurt	3	3.76-3.79
Lisbon	15	75.60-76.60
Madrid	8	146.40-146.90
Milan	11½	1,572½-1,586½
Oslo	7	9.82½-9.88
Paris	9½	8.34-8.40½
Stockholm	7	8.48½-8.49
Tokyo	3½	407-415
Vienna	5½	27.05-27.25
Zurich	1	3.54-3.56

‡ Rates given for convertible francs. Financial franc [illegible]

OTHER MARKETS

FORWARD RATES

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM50 denom. unless otherwise stated. ♥ Ptas.500 denom. unless otherwise stated. ♣ Kr.100 denom. unless otherwise stated. ◆ Frs.500 denom. and Bearer shares unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. $ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs; including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. w Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. △ Interim since increased.

OVERSEAS SHARE INFORMATION

Inv. $ Prem. $2.60 to £—109½% (111½%)
Effective rate (1.8145) 46½% (47½%)

NEW YORK

CANADA

GERMANY ◆

April 26	Price Dm.	+ or −	Div. %	Yld. %
AEG	85.9	+0.4	—	—
Allianz Versich.	469	−3	18	2.0
BMW	219	+2.2	20	4.6
BASF	136.6	−0.2	12	4.4
Bayer	136.9	+0.1	16	—
Bayer Hypo	279	+2	18	3.2
Bayer Vereinsbk.	297		18	3.0

TOKYO ¶

April 26	Prices Yen	+ or −	Div. %	Yld. %
Asahi Glass	394	−6	14	2.0
Canon	507	−11	12	1.2
Casio	601	+19	25	2.1
Chinon	369	−3	20	2.7
Dai Nippon Print	655	−2	18	1.6
Fuji Photo	610	−1	15	1.2
Hitachi	254	+1	12	2.6
Honda Motors	608	+6	18	1.5
House Food	1,240	+50	35	1.4
C. Itoh	321	+4	12	2.7
Ito-Yokado	1,500	+80	30	1.2

AUSTRALIA

Apr. 26	Aust. $	+ or −
AUMIL (50 cent)	†0.68	−0.01
Acrow Australia	†0.80	+0.05
Allied Mfg.-Trdg. Indus $1	†2.28	+0.02
Ampol Exploration	†1.38	+0.05
Ampol Petroleum	†0.79	+0.01
Assoc. Minerals	†0.96	+0.01
Assoc. Pulp Paper $1	†1.17	+0.02
Assoc. Con. Industries	†1.72	+0.02
Aust. Foundation Invest.	†0.88	
A.N.I.	†1.39	+0.01

AMSTERDAM

BRUSSELS/LUXEMBOURG

PARIS

SWITZERLAND ◆

COPENHAGEN ◆

STOCKHOLM

MILAN

VIENNA

OSLO

BRAZIL

JOHANNESBURG

SPAIN ♥

Muldoon attacks CAP deal

VIENNA, April 26.

MR. ROBERT MULDOON, the New Zealand Prime Minister, to-day attacked the European Common Market's system of farm prices as "agricultural protectionism of a most pernicious kind," reports Reuter.

Mr. Muldoon, who is attending the annual Board meeting of the Asian Development Bank, told reporters that the EEC was partly to blame for New Zealand's decision to reduce aid to the bank.

New Zealand is the only one of 17 donor nations which decided not to contribute to a replenishment of the bank's special fund which subsidises loans to some of Asia's poorest countries.

Mr. Muldoon also criticised restrictions on farm imports but singled out the EEC's Common Agricultural Policy (CAP) as the most damaging trade barrier for his country.

He said EEC regulations reducing imports of New Zealand farm produce were seriously undermining the country's export-oriented economy.

During talks with Mr. Bruno Kreisky, Austrian Chancellor, earlier this week, Mr. Muldoon suggested that Austria should increase lamb imports. Austrian regulations restrict imports of sheep-meat from foreign countries.

EEC FARM TALKS

'Milk Board alarm over-done'

BY CHRISTOPHER PARKES AND MARGARET VAN HATTEM

MR. JOHN SILKIN, Minister of Agriculture, was yesterday accused of "ringing the alarm bells too loud and too long" over the alleged Common Market threat to the future of doorstep milk deliveries.

Unigate, one of the leading dairies in the U.K. complained that the Minister's pronouncements in Luxembourg, based on the EEC proposals for the Milk Marketing Board were "upsetting for customers, employees and shareholders."

"But let there be no mistake, we want to keep the milk Boards," it added.

Mr. Ben Davies, president of the Dairy Trades Federation representing milk processors and distributors, backed Mr. Silkin in his campaign to retain the Boards. "The continuation of the Boards in their present form is essential for the future of the liquid market," he commented.

They were also important for the survival of the small and medium-scale dairies in the U.K.

On the fringes of the main EEC farm prices debate in Luxembourg this week, Mr. Silkin has devoted his energies to defending the system against certain member States who, he claims, are out to kill them.

True, he said, doorstep deliveries existed before the Boards were established, but on a very much smaller scale.

The experience of those member States forced by EEC rules to dismantle their milk marketing organisations proves that, without them, doorstep deliveries fall and milk sales drift inevitably towards the supermarket.

This, in turn, spells lower milk consumption. Moreover, in areas where milk delivery is less profitable — semi-urban and rural areas, for example—small distributors could be forced out if there were no Boards. Consumers would be forced to pay higher prices or do without deliveries.

Wine dispute drags on

BY MARGARET VAN HATTEM

LUXEMBOURG, April 26.

THE EEC farm price review continued behind closed doors here to-day as Ministers remained locked in bilateral talks in the hope of resolving their outstanding differences.

But progress still appeared to be blocked on the question of wine marketing, on which France and Italy seemed to be moving forward only slowly, if at all.

The central issue is the Commission's proposal for a minimum wine price which the French would like to use to block imports of cheap, low-quality Italian wine.

The French would like this floor price to be set at 93 per cent. of the "guide price," an arbitrary figure indicating what is considered a reasonable market price.

But, they say, they are prepared to lower their sights as far as 80 per cent. if the Italians, who oppose the very idea of a floor price, are prepared to set aside more low quality wine for distillation into industrial alcohol.

But wine bought up for distillation commands a very low price, less than half the nominal guide price. The French suggest that this "intervention price" should be raised to appease Italian producers, even though they themselves would prefer to see it held down.

Sig. Giovanni Marcora, the Italian Agriculture Minister, has not rejected the suggestion outright and seems to accept that some form of floor price is inevitable.

But he comes to the negotiating table with a long list of demands and is determined to use the wine issue as a lever to get as many of them through as he can.

Moreover, even if he accepts the French proposal, it is by no means certain that other member states will do the same. Germany, in particular, is expected to oppose the allocation of more Community funds to buying excess alcohol, of which there is already a surplus which EEC expansion would swell further.

But the Italians say the Community now spends a disproportionate amount on buying surpluses of northern agricultural products—32 per cent. of the farm price support fund goes on milk, 13 per cent. on beef, 11.6 per cent. on cereals and a meagre 2.5 per cent. on wine.

Negotiations on other issues remain on the sideline. In fact, the German and Dutch Ministers left Luxembourg to-day and are not expected back until to-morrow.

The Commission is expected to weigh in with a final set of compromise proposals to open the way for the long-awaited settlement, but these will not come before to-morrow morning at the earliest.

Brazil's soya mills in trouble

BY SUE BRANFORD

SAO PAULO, April 26.

BRAZIL'S EXPORTS of soyabeans were suspended yesterday afternoon, after a meeting in Sao Paulo between farmers, crushers and officials from CACEX, the Banco do Brasil export agency.

The decision was taken in view of the new crop estimate of only 9m. tonnes, which is a third down on last year's harvest of 12m. tonnes.

The reduction has been caused by the serious drought in southern Brazil, which is also affecting the maize, cotton and rice crops. It is also making it impossible for the farmers to sow wheat, the crop that is cultivated in the winter, after the beans have been harvested.

Mr. Bendito Moreira, CACEX director, said "the latest soyabean crop estimate is definitive, as all but 10 per cent. of the crop has now been harvested."

According to Mr. Moreira, the ban on bean exports will remain in force for the rest of the year, as 650,000 tonnes of beans have already been registered for export and this is all the available surplus.

Exports of 2.7m. tonnes of soya meal have been registered so far this year and he estimates that another 1m. tonnes will be available later in the year.

The ban on soya oil exports, which occurred earlier in the year after the sale of 220,000 tonnes, will not be lifted, as the Government is anxious to ensure the supply of cooking oil on the domestic market.

Exporters in Rio Grande Do Sul had reported earlier in the week that the Soviet Union was negotiating to buy a large shipment of soyabeans—of at least 500,000 tonnes—from one of the big grain companies. With the new crop estimate, it is unlikely that this deal will be authorised by CACEX.

Our commodities staff writes: British soya traders were divided on the effects of the further reduction in the Brazilian crop estimate. One dealer commented that in global terms, in the light of the huge U.S. supply of soya, the Brazilian news was insignificant. But for all that it had had a clear effect on market sentiment.

A leading soyabean meal importer said that only 10 per cent. of the market believed the Brazilian crop was as low as 8.5m. tonnes. A majority still considered the final outcome of the harvest would be between 9m. and 10m. tonnes.

"How can they say what this crop will yield when they still have not worked out the final production from last year?" he asked.

Caution in potato marketing

By Our Commodities Staff

ONLY ABOUT 100,000 tonnes of potatoes bought off th emarket earlier this year will have to be released back into normal circulation to meet demand, the Potato Marketing Board said yesterday.

These, together with stocks still held by farmers, will be enough to cover total needs for the rest of the season, estimated at about 550,000 tonnes.

The Board said that the Ministry of Agriculture, which last week took over responsibility for metering the return of Government stocks to the market, had given the job back to Board officials.

They would continue to exercise strict control over the tonnages released, an official said.

Potato growers are being sent a newsletter explaining that not all requests for Government-buying contracts to be scrapped will be granted.

Estimates of potato stocks show farmers hold around 500,000 tonnes and the Government has 356,000 tonnes under contract in its market-support buying programme.

Export fears hit barley

By Our Commodities Staff

BARLEY PRICES fell back sharply yesterday, reflecting fears that the recent rise in values is making U.K. barley uncompetitive in export markets.

On the London futures market it dropped by £3 a tonne at one stage before recovering to £82.50 a tonne, £1.40 down on the previous close.

The decline was triggered by reports of re-selling by shippers, who it is thought may have obtained cheaper supplies elsewhere for export to "third" countries outside the EEC.

However, it was pointed out that trading turnover was very low, which exaggerated the selling pressure and that also some kind of reaction after the recent upsurge in prices was probably overdue.

Danish pigs up

By Our Own Correspondent

COPENHAGEN, April 26.

THE DANISH pig herd increased by 6 per cent. to 8.5m. in the 12 months to March 31, said the Bureau of Statistics.

The number of sows in pig increased by 9 per cent. to 620,000 (up 51,000), and there was an increase of 15,000 since the January pig census.

METAL MARKETS

Moves to stabilise tungsten prices

BY JOHN EDWARDS, COMMODITIES EDITOR

AN ATTEMPT to stabilise the price of one of the most volatile metals—tungsten ore—was launched yesterday. It is backed by both producers and consumers, and could set an important precedent for other metals and raw materials where prices move wildly, often for no apparent reason.

Following an initiative from the Primary Tungsten Association, which represents producers, it has been agreed to establish from mid-July a new international tungsten price indicator which will incorporate the present index calculated by tungsten users.

Drawing on data supplied by both producers and consumers the new indicator price will be published twice monthly and reflect not only "spot" prices but also trading being done under long-term supply contracts.

Tungsten, which is obtained both from wolframite and scheelite, is an important and expensive metal. Present world output of some 40,000 tonnes of W content—equivalent to 80,000 tonnes of tungsten concentrates—is estimated to be worth some $800m. at the current price of around $10,000 per tonne of concentrates.

The main use of tungsten is in carbide materials for metal cutting, rock drilling and wear resistant applications.

It is also used in wire, rod and plate for lamps, electronic parts and electrical parts, as well as steel alloys and a variety of other minor markets. Significantly, tungsten is a strategic metal in that it is widely used in manufacturing armaments.

The biggest world producer is China, which is estimated to have nearly 50 per cent. of the world reserves. The Communist Bloc accounts for some 16,000 tonnes of output. Production is the divided out all over the world ranging from North America, Bolivia, Australia, Thailand and Portugal.

Because of the diversified production, and China's leading role, it has been impossible to fix a producer price for tungsten commonly used for most other "minor metals and the variety of quality grades has also made the establishment of a terminal futures market impracticable.

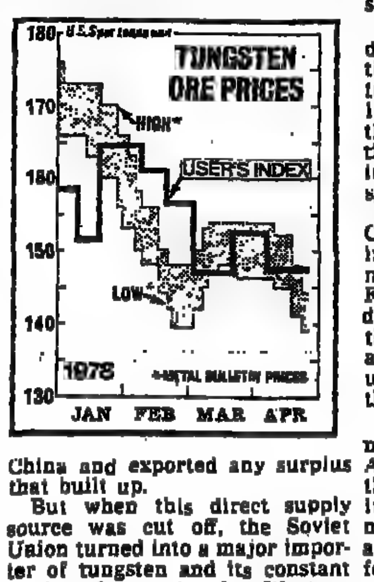
In the absence of an international market forum, prices have, therefore, been based on the twice-weekly quotations published by the London Metal Bulletin.

Not surprisingly this somewhat unusual pricing system has been the subject of considerable criticism over the years.

It is felt that the price quotation, which is based on wolframite and includes only "spot" transactions by merchants, can be manipulated on occasions and is not an accurate reflection of the total market situation.

In the past two decades there has been a dramatic change in world trading patterns as a result of the political split between China and the Soviet Union.

Before the split, the Soviet Union obtained the bulk of its tungsten supplies direct from China and exported any surplus that built up.



But when this direct supply source was cut off, the Soviet Union turned into a major importer of tungsten and its constant buying forays in the Western world meant that the merchant companies assumed a far more important role.

At the same time China has been able to control the market to a much greater extent by regulating supplies according to its requirements.

As a result, tungsten prices have often moved in an opposite direction to other metals, in defiance of Western world economic and industrial trends.

During the latest recession, for example, tungsten prices moved up strongly to a record $190 a tonne unit of WO3. Subsequently it has fallen back to around $140 as a result of China reportedly being a more willing seller because of a need for foreign exchange to finance its grain imports.

It is claimed that the dominant role of merchants influencing the price quotation has been a prime factor in the traditional volatility of the market, which is disliked both by producers and consumers trying to plan their investment decisions ahead.

However, efforts over the past 14 years to seek some kind of international agreement to stabilise the price of tungsten have failed.

This, it is claimed, is largely because the U.S.—the biggest consumer and a leading producer—is strongly opposed to any form of price cartel that might breach its anti-trust laws or restrict free trade.

Faced with the latest breakdown in the UNCTAD negotiation seeking an international tungsten agreement, Sr. Carlos Itturalde, of Bolivia, president of the Primary Tungsten Association, decided to take the initiative in seeking a more stable pricing system.

Backed strongly by the Charter Consolidated group, which has an interest in tungsten producing mines in Portugal (Berait) and France (Societe Miniere d'Anglade), the group approached the consumers group that was already issuing the tungsten users' index, as an alternative to the Metal Bulletin quotation.

So far seven of the leading members of Primary Tungsten Association have agreed to join the new International Tungsten indicator pricing system, and most of the other eight members are expected to participate before the launching date in July.

On the consumer side, all 22 subscribers to the present users' index have agreed to transfer to the new combined system.

The idea is that all transactions will be reported to an independent collator—a firm of Birmingham chartered accountants—under detailed rules drawn up.

The collator will be able to substantiate returns by certified copy documents, if necessary, but it is felt that the check provided by information coming from both producer and consumers should enable an accurate picture to be given.

It is a nice idea that will obviously not work unless full support is given by the majority of producers and consumers. But, given the difficulty involved

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Firmer on the London Metal Exchange. Forward metal opened higher [illegible] reflecting the strength of the U.S. [illegible] overnight, and thereafter moved [illegible] to close on the late kerb at [illegible] after touching a day's high of [illegible]

[illegible] 10, 11, 11.5, 11. Kerb: Wirebars, three months £710, £709, 8, 8.5, 9, 9.5, £710, 10.5.

TIN—Higher following the further rise in the Penang price and some U.S. physical interest in the afternoon. Forward metal opened firmer at £6,140 and progressed throughout the day to close at £6,180 on the late kerb. [illegible]

Amalgamated Metal Trading reported that in the morning cash wirebars traded [illegible] 91, 90.5, three months £706, 7, 8, 7, [illegible] 8, 9, 8.5, 9, 7.5. Cathodes, three months £697. Kerb: Wirebars, three months £707.5, 8, 7.5. Afternoon: Wirebars, three months £709, 9.5, £710, 11, 10.5.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
Standard Cash	6170-5	+82.5	6205-10	+75
3 months	6145-50	+102	6175-85	+75
Settlem't	6175	+90	—	......
Straits E.	$1c99	+88	—	......
New York	—	......	—	......

LEAD—Moved ahead, mainly reflecting the firmness of copper. Forward metal opened at £313-314 and touched a high of £316.5 in the afternoon before easing fractionally to close at £315.5 on the late kerb. Turnover 5,850 tonnes.

Morning: Cash £307, 6.5, three months £314, 14.5, 15, 14.5. Kerb: Three months £314, 14.5. Afternoon: Cash £307.5, 8, 8.5, three months £314, 14.5, 15, 15.5, 15.5. Kerb: Three months £314, 15, 15.5.

Index Limited 01-351 3466. Three month Zinc 306.5-310.1
Lamont Road, London, SW10 0HS.
1. Tax-free trading on commodity futures
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EUROPEAN OPTIONS EXCHANGE

Option	Price	July Close	July Vol.	Oct. Close	Oct. Vol.	Jan. Close	Jan. Vol.	Equity close
Kodak	$40	12⅝	—	12¾	1	13	—	$52⅛
Kodak	$45	7¾	17	8¼	10	9¾	—	"
[illegible]								

SILVER

Silver was fixed 2.5p an ounce higher for spot delivery in the London bullion market yesterday at 273.6p. U.S. cent equivalents of the fixing levels were: spot 497.0c, [illegible] six-month [illegible] 536.1c, [illegible]

LME—Turnover [illegible]

COCOA

Trading was quiet throughout the day with the market remaining in a narrow range, reports Gill and Duffus.

[illegible]

COFFEE

Robusta values remained firm throughout [illegible]

— —; April 130.00-34.00, —, —. Sales: 5 (23) lots of 17,330 kilos.

ICO indicator prices for April 25 (U.S. cents per pound): Colombian Mild Arabicas 184.50 (185.00); unwashed Arabicas 170.00 (same); other mild Arabicas 176.30 (177.71); Robustas 140.00 (143.00). Daily average 138.35 (139.11).

GRAINS

RUBBER

SOYABEAN MEAL

SUGAR

around £215 c and f and that India had sold five cargoes of whites into the second-hand, produced a spate of selling and losses of some 150 points occurred. At the close, however, scattered short-covering on a day trade basis lifted levels by 30 points from the lows, reports C. Czarnikow.

WOOL FUTURES

MEAT/VEGETABLES

-Triumph 6.80-7.40. Beurre Bosc 5.50; Dutch: Per pound Conference 0.15; Belgian: Conference 0.11-0.12. Grapes—S. African: New Cross 3.50 Barlinka 4.00. Bananas—Jamaican: Per pound 0.14-0.15. Melons—Chilean: White 4.20; Colombian: Green 3.00. Avocados—Kenya: Fuerte 14/24s 4.00-4.30. Strawberries—Spanish: 0.30-0.40; Californian: 0.90; Italian: 0.40. Pineapples—Kenya: 1.10-1.30. Onions—[illegible]

COTTON

but interest ranged over a wide variety of styles. Russian and Turkish attracted most attention, with further support in African qualities.

JUTE

DUNDEE JUTE—Quiet. Prices c and f U.K. for April-May shipment BWC £298, BWD £287. Tossa BTB £304, BTC £294, BTD £285. Calcutta goods steady. Quotations c and f U.K. for April shipment: 10-ounce 40-inch £10.37, 7½-ounce £7.99 per 100 yards. May £10.37, £8.01. June £10.39, £7.97. B twills £28.11, £28.40, £28.61 for the respective shipment periods. Yarn and cloth firm.

India's record grain harvest

By Our Own Correspondent

NEW DELHI, April 26.

INDIAN FOOD grain output for 1977-78 will be a record 125m. tonnes, Mr. Surjit Singh Barnala, Agriculture Minister, told Parliament here.

This is 14m. tonnes more than in the previous year and 4m. tonnes more than the previous record in 1975-76.

The Minister estimated that rice production in the year was 50m. tonnes, an increase of almost 10 per cent.

General agricultural production, including commercial crops, was good and the growth rate in agriculture in 1977-78 would be 10-12 per cent., the highest ever.

Poles selling Falklands fish

By Hugh O'Shaughnessy

THE POLISH Government has been seeking bids for a shipment of up to 3,500 tonnes of frozen fish from around the Falkland Island—part of the catch of Polish fishing vessels operating during the summer around the territory.

The Polish move is seen as an indication of the excellent fishing results obtained recently in the waters of the South-West Atlantic near South Georgia which is one of the Falklands Islands Dependencies.

PRICE CHANGES

Prices per tonne unless otherwise stated.

	April 26 1978	+ or —	Month ago
[illegible]			

* Nominal. † Unquoted. ‡ May-June. ‡ May-Aug. ‡ June. ‡ April-June. ‡ April-May. ‡ May. † Per ton.

FINANCIAL TIMES				
Apr. 25	Apr. 24	Month ago	Year ago
258.72	257.46	255.15	270.71

REUTER'S				
April 26	April 25	Month ago	Year ago
1458.5	1452.9	1428.7	1729.6

DOW JONES					
Dow Jones	April 25	April 24	Month ago	Year ago
Spot	360.51	360.18	358.95	403.01
Futures	360.53	360.97	357.65	403.84

MOODY'S				
Moody's	April 25	April 24	Month ago	Year ago
Spie Commodity	905.0	893.5	905.1	1135.9

Soya crushing rises in U.S.

WASHINGTON, April 26.

U.S. OIL MILLS crushed a total of 86,730,000 bushels of soyabeans last month, up from 75,356,000 bushels in February and 74,373,000 bushels in March last year, reports Reuter.

In the first seven months of this marketing season, which began last September, crushings totalled almost 547m. bushels, compared with 506m. in the same period last season.

U.S. Markets

NEW YORK, April 25.

Cocoa—May 154.75 (160.00), July 151.10 (155.30), Sept. 148.70, Dec. 142.10, March 137.85, May 134.50, July 132.15. Sales: 1,036 lots.

Coffee—"C" Contract: May 172.00-172.50 (172.25), July 151.25-151.75 (151.50), Sept. 130.00, Dec. 126.00-125.50, March 117.00-119.00, May 114.00-110.00, July 113.00-115.00, Sept. 107.00-120.00. Sales: 530 lots.

Copper—April 57.80 (56.90), May 57.40 (57.00), June 58.20, July 58.80, Sept. 59.90, Dec. 61.50, Jan. 62.00, March 63.00, May 64.00, July 65.00, Sept. 66.00, Dec. 67.50, Jan. 68.00. Sales: 3,000 lots.

Cotton—No. 2: May 57.45 (56.38), July 59.00-58.65 (58.19), Oct. 60.45, Dec. 61.44-61.50, March 62.60-62.75, May 63.60, July 63.50 bid, Oct. 62.55 bid. Sales: 365,000 bales.

*Gold—April 167.40 (167.30), May 167.90 (167.80), June 168.40, Aug. 170.40, Oct. 172.40, Dec. 174.50, Feb. 176.70, April 179.20, June 181.70, Aug. 184.20, Oct. 186.70, Dec. 189.30, Feb. 191.90. Sales: 8,500 lots.

†Lard—Chicago loose 23.00 nom. (same), NY prime steam 24.50 nom. (same).

‡Maize—May 250¼-250½ (245¼), July 249½-249 (245), Sept. 247¼-247½, Dec. 248½-249, March 256½, May 259½.

§Platinum—July 204.75-205.00 (202.10), Oct. 207.80-208.00 (205.50), Jan. 211.10-211.30, April 214.00-215.10, July 216.70-218.90. Sales: 1,359 lots.

*Silver—April 496.60 (481.00), May 499.00 (487.20), June 494.20, July 497.80, Sept. 505.00, Dec. 516.40, Jan. 520.70, March 528.20, May 536.40, July 544.60, Sept. 552.90, Dec. 565.90, Jan. 570.20. Sales: 20,000 lots. Handy and Harman bullion spot 490.00 (492.30).

Soyabeans—May 702-703 (685), July 690-688 (674), Aug. 668, Sept. 636, Nov. 611-609, Jan. 614-615, March 621-622, May 628.

†Soyabean Meal—May 175.00-175.20 (171.70), July 177.20-177.50 (174.90), Aug. 176.50, Sept. 171.00-172.00, Oct. 167.00-166.50, Dec 165.50-165.20, Jan. 165.70-165.70, March 168.50-169.50, May 169.50-169.00.

This edition was printed before last night's American commodity prices were available.

Soyabean Oil—May 26.45-26.50 (25.65), July 25.55-25.65 (24.85), Aug. 24.65-24.60, Sept. 23.40, Oct. 22.40-22.45, Dec. 22.00-21.90, Jan. 21.65, March 21.55, May 21.25-21.30.

Sugar—No. 11: May 7.52 (7.63), July 7.75-7.78 (7.56), Sept. 8.00-8.01, Oct. 8.13-8.14, Jan. 8.40-8.55, March 8.92-8.93, May 9.09-9.10, July 9.22, Sept. 9.43. Sales: 4,220 lots.

Tin—505.00-522.00 asked (505.75-511.00).

**Wheat—May 304½ (296½), July 307½-308 [illegible]

STOCK EXCHANGE REPORT

Sentiment again dominated by interest rate worries

Share index down 2.9 more at 457.8—Gilts ease afresh

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Apr. 17	Apr. 27	Apr. 28	May 10
May 2	May 11	May 12	May 23
May 15	May 25	May 26	Jun. 7

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Overshadowed by the recent slide in sterling, which in turn has caused fears of a further hike in Minimum Lending Rate, stock markets passed a rather subdued session yesterday. British Funds again led the way down, with short-dated stocks recording fresh losses to ½ and longs further falls of a similar amount. The Government Securities index gave up 0.23 more to 71.24 for a two-day loss of 0.64.

Trading in the equity leaders remained extremely quiet and, after easing a few pence in the earlier dealings, prices hardly moved again until the late dealings when a slightly harder tendency developed. Down 3.1 at 3 p.m., the FT 30-share index closed 2.9 lower on balance at 457.8. Very little selling was seen in the initial setback, the reaction mainly reflecting the continuing absence of support.

Elsewhere in equities the day's trading was enlivened by a further burst of bid speculation, while a large list of company trading statements stimulated a considerable amount of interest. Overall, movements were narrowly mixed, but falls just had the edge over rises in FT-quoted Industrials. The FT-Actuaries All-Share index eased 0.5 per cent. to 204.94. Among the sectors, Hire Purchase and Property shares were unsettled by the fears of dearer money and above-average losses of 3.2 and 1.4 per cent. were recorded in the respective indices.

Gilts drift lower

Continuing fears about the possibility of a fresh hike in short-term interest rates following the recent slide in sterling made for another drab day in the Gilt-edged sector. Short-dated stocks drifted lower as buyers continued to show a marked reluctance and final quotations recorded fresh losses extending to ½. Similar conditions prevailed at the long end of the market where losses also ranged to ½. Application lists for the new long "tap" stock, Exchequer 12 per cent., 1986, open and close to-day. Corporations caught up with the reaction in the main Funds, closing with losses of up to a point.

Activity in Cons. Gold positions featured dealings in London traded options yesterday. The price of the underlying equity jumped at one stage from 165p to 179p and led option dealers to briefly halt trading to adjust their rates. Business was quite brisk with 101 contracts done and the 160p series rose 6p to 7p in the three-, six- and nine-month positions. Elsewhere, rates were usually easier for choice in further diminished turnover, the number of contracts overall falling to 270 compared with 380 on Tuesday and 586 in last Friday's first-time trade. Courtaulds became the first of the traded stocks to have a new position created, the price of the underlying equity having held above the respective 100p and 110p levels of the original series. Business sparked briefly in the new 120p series but soon dried up.

The investment currency market saw profit-taking following Tuesday's late run-up and the premium fell to 107¾ per cent. from the overnight 111¼ per cent. The reduced levels, however, led to a better balanced two-way trade later and the premium rallied to end at 109⅜ per cent., down a net 1⅞. Yesterday's conversion factor was 0.6855 (0.6889).

Hire Purchases dull

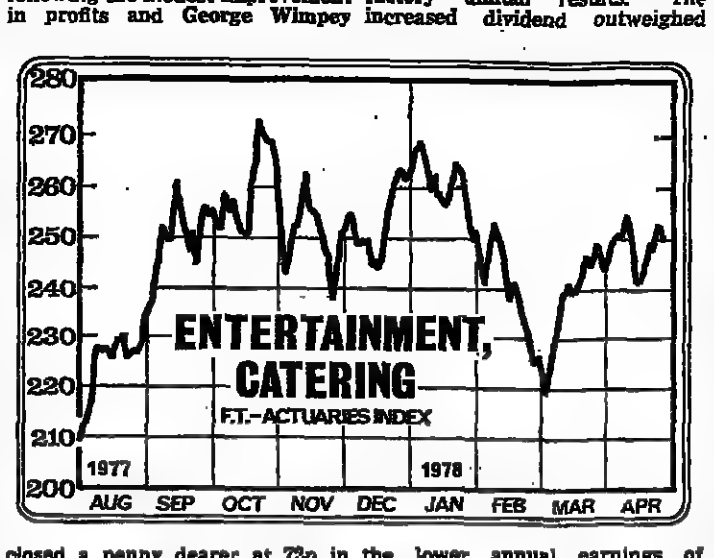
Reflecting increasing concern about the possibility of a further rise in interest and credit rates, Hire Purchases turned distinctly dull. F.C. Finance, which reported uninspiring annual results on Tuesday, fell 8 to 70p in a thin market, while Wagon Finance lost 4 to 41p and Lloyds and Scottish cheapened 3 to 85p. UDT closed 2 lower at 38p. The major clearing banks drifted gently lower in thin trading with Barclays and Midland finishing 5 off at 340p and 350p respectively. Australian issues, however, made good progress in line with advices from down-under. Bank of New South Wales put on 20 to 495p and Commercial Bank of Australia 12 to 227p. ANZ firmed 9 to 252p as did National Bank of Australasia, to 232p. Discounts were harder in places. Smith St. Aubyn gained 3 to 78p in response to the higher profits and proposed scrip issue of Preference shares. Gerrard and National edged forward 2 to 170p, also after trading news. News of a proposed 25 per cent. scrip issue and increased earnings failed to inspire Jessel Toynbee which closed unaltered at 70p. Among Merchant Banks, Hambros succumbed to light profit-taking and shed 5 to 183p.

Narrow mixed price movements were the order of the day in Insurances following a small trade. Royals at 360p, sustained an above-average fall of 7 among Composites. Among Brokers, Willis Faber picked up 2 to 260p after recent dullness caused by the chairman's bearish annual statement.

In Breweries, Allied were a shade easier at 84½p, while Bass Charrington, 152p, and Greene King, 230p, lost 2 and 3 respectively. Invergordon came to the fore in Distillers, improving to 97p on speculative demand prompted by the bid for its parent Carlton Industries, before closing only 2 better on balance at 95p.

Building descriptions closed easier for choice after a reasonable trade. Housebuilders retreated after recent firmness's on reports of higher house prices; Bryant eased 2 to 55p, while Orme Developments and Barratt Developments shed 1½ to 46½p and 108½p respectively. Heywood Williams added 7½ more to 104½p in further response to the U.S. acquisition from Hanson Trust, and Johnson-Richard Tiles firmed 1½ to 118½p on hopes of an improved offer from Hepworth Ceramic. Brown and Jackson, however, eased 2 to 85p as bid hopes receded, while Manders fell 5½ to 98½p reflecting disappointment with the annual results. In contrast, Wight Construction firmed 3 to 125p in a thin market following the modest improvement in profits and George Wimpey closed a penny dearer at 72p in front of to-day's preliminary figures. Tarmac, also due to report full results, to-day, eased slightly to 137p. Elsewhere, further small buying in a restricted market added 2 more to Econa at 66p.

In quietly traded Chemicals, ICI closed 2 easier at 338p after 337p. Elsewhere, trading statements were responsible for interest in Alginate, which fell 9 to 274p on the profits setback and in Anchor Chemical which hardened a penny to 68p o nthe preliminary figures and encouraging statement. Alida Packaging added 2 to 90p, after 93p, and William Ransom put on 5 to 170p, both in thin markets.



Mothercare down again

Quietly dull conditions prevailed in leading Stores. Mothercare continued to give ground ahead of next Thursday's preliminary results and closed a further 6 off at 152p, while Gussies "A," 284p, Burton "A," 113p, and Marks and Spencer, 144p, all cheapened 2. Elsewhere, Ellis and Goldstein improved 1½ more to 23½p on further consideration of the strong second-half profits recovery. In Shoes, Stylo stood out with a gain of 4 to 48p in response to the preliminary results.

Leading Electricals drifted easier in light trading. BICC closed 2 cheaper at 116p after news of the planned disposal of its 20.1 per cent. shareholding in General Cable. Similar losses were seen in EMI, 156p, and GEC, 240p, while Racal Electronics lost 6 to 214p. Elsewhere, Dreamland hardened 3 to 46p and Louis Newmark 5 to 165p.

In front of to-day's preliminary figures, Vickers relinquished 4 to 172p. Other Engineering leaders moved in a similar direction with Hawker and Tubes also closing 4 off, at 200p and 364p respectively. Elsewhere, Samuel Osborn moved forward 2 to 95p on Press mention and Hopkinsons gained 3 to 90p in response to the satisfactory annual results. The increased dividend outweighed the lower annual earnings of Spear and Jackson which hardened 2 to 130p. Peter Brotherhood, on the other hand, gave up 4 to 143p and Amalgamated Power shaded a penny to 121p; the latter's preliminary figures are due to-day.

J. Bibby dominated proceedings once again in an otherwise listless Food sector, dropping initially to 228p before rallying strongly in active trading to close 11 better on balance at 242p on renewed speculation about an imminent bid from Tiger Oats. Cadbury Schweppes eased a shade to 58p following the annual report, while Associated Dairies, 217p, and J. Sainsbury, 169, lost 3 apiece. Associated British Foods eased 2 to 61p as did Fitch Lovell, to 62p.

De Vere shed 2 to 157p in front of to-day's preliminary figures, while similar losses were seen in Ladbroke, 187p, and Trust Houses Forte, 194p. M. F. North, however, contrasted with a rise of 3 to 45p.

Lon. Merchant up

Miscellaneous Industrial leaders were marked a couple of pence lower at the start and then drifted down a penny or so further in sympathy with a fresh reaction in gilt-edged. Unilever were additionally aggravated by the chairman's cautious remarks in the annual report and cheapened 6 to 494p. Beecham closed 5 off at 628p as did Pilkington, at 455p, while Bowater gave up 2 to 196p, after 195p, on the annual report. Elsewhere, Carlton Industries, 170p, were suspended at the outset following the announcement of a bid approach. This, in turn, sparked off a flurry of speculative buying in London Merchant Securities, owner of a near 79 per cent. stake in Carlton, and LMS raced ahead to close 14 up at the day's best of 93p, with its Capital shares closing 16 up at 91p. Comben Group, a subsidiary of Carlton, moved up 2 to 31p in sympathy. Lindsay and Williams put on 2 to 44p, after 47p, on further consideration of the results, and ICL added 6 at 248p. J. and L. Randall, at 112p, lost 2 of the previous day's jump of 45 which reflected the surprise bid from Letraset; the latter fell a further 6 to 140p, after 139p, for a two-day relapse of 20 on disappointment with the fact that Letraset were not the subject of a bid. The chairman's bearish annual statement prompted a reaction of 2 to 21p in Norvic Securities and European Ferries declined 1½ to 110½p, after 110p, despite the satisfactory preliminary figures. Lower annual earnings left Foseco Minsep a penny off at 142p, after 138p.

Noteworthy movements were few and far between in Motors and Distributors. Rolls-Royce hardened a penny more to 87p, while Associated Engineering finished 1½ firmer at 115p and CGSB 2 better at 21p. Hanger Investments firmed 2½ to 33p in front of the annual report. On a dull note, Lookers eased 2 to 65p and Lucas Industries 3 to 278p.

Little of interest emerged from quiet Newspapers and kindred trades. Marshall Cavendish improved 3 to 54p on further consideration of the preliminary results and Richard Clay ended a similar amount dearer at 71p on a small demand. Largely reflecting busines stransacted late the previous evening, Ault and Wiborg hardened 1½ to 34½p. Mills and Allen relinquished 5 to 175p.

Properties in general reflected renewed concern about the future course of interest rates and eased from the outset. Business was again subdued. Land Securities, 191p, and MEPC, 106p, shed 4 and 2 respectively, while Hammerson A closed 6 cheaper at 527p; the last named has results due on Friday. Haslemere, 215p, and Bradford, 208p, both lost 4, as did Bernard Sunley, at 170p, while Bellway, a recent speculative favourite, eased a penny more to 64p on fading bid hopes. In contrast, Property Partnerships rose 7 to 84p in a thin market.

Oils quiet

Oils passed a significantly quieter session than of late. British Petroleum and Shell both eased slightly to 784p and 542p respectively.

Gill and Duffus featured Overseas Traders with a rise of 11 to a 1978 peak of 235p on the better-than-expected preliminary figures. Harrisons and Crosfield continued firmly, advancing 13 to 475p for a two-day gain of 25p, while interest was also shown in J. E. Sanger, 2 up at 32p, and Sime Darby, 4 higher at 150p. Tozer Kemsley, at 50p, gave up a penny of the previous day's rise of 4 which followed the results.

Investment Trusts closed little changed following a light trade. Rothschild, at 180p, lost 4 of the previous day's gain which followed news of the planned sale of its stake in Magnum Fund, but Channel Islands Capital moved up 10 to 500p for a two-day rise of 45 on the preliminary statement. Other firm spots included Meldrum Investment, 3 better at 44p, and N.Y. and Gartmore, 4½ higher at 45½p.

Golds move ahead

Further consideration of the acceptance by South Africa of the Western plan for independence for Namibia prompted a good deal of confidence in South African mining issues.

The buying of South African Golds, which became apparent in late dealings on Tuesday evening, accelerated yesterday and share prices advanced throughout the day to close at their best levels with U.S. interest reported in the late trade.

The Gold Mines index put on 6.1 to 141.4, while the bullion price rose 50 cents to $168.375 per ounce.

Heavyweights responded with improvements ranging to a point as in Randfontein, £33, while gains of a half-point were registered by Hartebeest, £10⅞, Free State Geduld, £15¼, and Western Holdings, £17.

The sharp gains in Golds were not fully reflected by Financials, although Gold Fields moved ahead strongly in the late trade to close 9 higher at 174p despite the proposed closure of the Wheal Jane tin mine in Cornwall.

Among the South African Financials, Union Corporation hardened 2 to 268p following news that the company is negotiating supply contracts and financing with uranium users for its potential uranium/gold mine in the Orange Free State. De Beers, however, weakened a similar amount to 338p; the Central Selling Organisation's surcharge on rough diamond prices is to be reduced to 25 per cent. from 40 per cent.

The London-registered Rio Tinto-Zinc dropped 8 to 199p following bearish Press comment on the annual report. A strong showing in overnight domestic markets prompted a good demand here for Australian issues. Diamond exploration hopes lifted Northern Mining 10 to 66p, after 68p, and Conzinc Riotinto 6 to 216p.

FINANCIAL TIMES STOCK INDICES

—	Apr. 26	Apr. 25	Apr. 24	Apr. 21	Apr. 20	Apr. 19	A y a
Government Secs.	71.24	71.47	71.88	71.57	71.83	72.16	6[illegible]
Fixed Interest	74.47	74.79	75.05	74.98	75.08	75.20	6[illegible]
Industrial Ordinary	457.8	460.7	460.4	455.0	454.8	461.6	4[illegible]
Gold Mines	141.4	135.3	135.2	136.8	134.7	141.1	1[illegible]
Ord. Div. Yield	5.87	5.83	5.85	5.91	5.90	5.84	[illegible]
Earnings Y'ld%(full)(*)	17.46	17.29	17.34	17.53	17.61	17.25	1[illegible]
P/E Ratio (net)(*†)	7.70	7.78	7.76	7.67	7.66	8.00	[illegible]
Dealings marked	5,110	4,944	4,382	4,299	4,995	4,568	5,[illegible]
Equity turnover £m.	—	70.50	54.13	50.46	68.33	68.73	6[illegible]
Equity bargains total	—	13,757	12,632	11,278	13,743	14,301	16,[illegible]

10 a.m. 457.6. 11 a.m. 457.3. Noon 457.3. 1 p.m. 457.3. 2 p.m. 457.3. 3 p.m. 457.6.

* Based on 52 per cent. corporation tax. † Nil=7.57.

Latest Index 01-246 8026.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (3/1)	71.24 (26/4)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1)	74.47 (26/4)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	497.5 (6/1)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	168.6 (8/3)	130.3 (6/1)	442.3 (22/5/75)	43.5 (28/10/71)

S.E. ACTIVITY

	Apr. 26	A[illegible]
—Daily		
Gilt-Edged	172.0	17[illegible]
Industries	170.2	16[illegible]
Speculative	39.7	3[illegible]
Totals	116.3	11[illegible]
5-day Av'rage		
Gilt-Edged	172.0	16[illegible]
Industrials	156.8	16[illegible]
Speculative	37.6	[illegible]
Total	108.0	10[illegible]

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Apr. 25	May 9	July 20	Aug. 1
May 10	May 22	Aug. 3	Aug. 17
May 23	Jun. 6	Aug. 17	Aug. 31

For rate indications see end of Share Information Service

Money was given for the call in Lennons, Lofs, BP, Johnson Group, Muar River, J. and L. Randall, Southern Construction, William Press, Premier C[illegible] dated Oil, Charterhall, B[illegible] Oil, Drake & Scull, Cons. Fields, Godfrey Davis, E[illegible] Properties, Rotork, M[illegible] Boston, Staflex Interna[illegible] Hawtin, Peckland Texti[illegible] Capital and Counties Pr[illegible] Fitch Lovell, M. Clark, [illegible] Ware and A. Bell. A p[illegible] done in Staflex Interna[illegible] while doubles were arran[illegible] Lennons, British Land and Gold Fields.

NEW HIGHS AND LOWS FOR 197[8]

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (118)

COMMONWEALTH & AFRICAN LOANS (1)
LOANS (1)
AMERICANS (15)
CANADIANS (1)
BANKS (5)
BUILDINGS (3)
DRAPERY & STORES (4)
ELECTRICALS (3)
ENGINEERING (7)
FOODS (2)
HOTELS (1)
INDUSTRIALS (16)
INSURANCE (1)
MOTORS (3)
PAPER AND PRINTING (4)
PROPERTY (3)
SHOES (1)
SOUTH AFRICANS (2)
TEXTILES (1)
TRUSTS (26)
OILS (2)
OVERSEAS TRADERS (6)
RUBBERS (4)
MINES (2)

NEW LOWS (55)

BRITISH FUNDS (29)
Treas. 11¼pc 1979; Treas. 8¼pc 1981; Excher. 9¼pc 1981; Excher. 8¼pc 1981; Treas. 8¼pc '80-82; Treas. 14pc 1982; Treas. Variable '82; Treas. 8¼pc 1982; Excher. 9¼pc 1982; Excher. 9¼pc 1983; Treas. 12pc 1983; Treas. 8¼pc '84-86; Fdg. 5¼pc '87-91; Treas. 13¼pc 1993; Treas. 14½pc 1994; Excher. 12¼pc '94; Treas. 12¾pc 1995; Treas. 9pc 1992-96; Treas. 15¼pc 1996; Excher. 13¼pc 1996; Red. 3pc 1986-96; Treas. 13¾pc 1997; Treas. 8¾pc 1997; Treas. 6¾pc 1995-98; Treas. 9½pc 1999; Fdg. 3½pc 1999-04; Treas. 8pc 2002-06; Treas. 7¾pc 2012-15; War Loan 3½pc

CORPORATION LOANS (3)
L'pool 9¼pc '80-84; Do. 6¼pc '[illegible]; L.C.C. 5¼pc '77-81; L.C.C. 5¼pc [illegible]; Do. 5¼pc '82-84
LOANS (1)
ICFC 5¼pc Ln. 1992-97
BANKS (2)
Allen Harvey Ross; Lond. & Scot[illegible]
ENGINEERING (1)
Hawden Group
INSURANCE (1)
Matthews Wrightson
PROPERTY (13)
Apex Props.; Brixton Est.; Churchbury Ests.; City Offices; Hammerson A; Land Invest.; Law Land; Lynton; Prop. Hldg.; Prop. & Rev.; Second City [illegible]; Sunley (B.); U.K. Propert[illegible]
SHOES (1)
Oliver (G.) A
TEXTILES (1)
Youghal
OILS (1)
CCP North Sea

RISES AND FA[LLS] YESTERDAY

	Up	Do[wn]
British Funds	1	[illegible]
Corpns., Dom. and Foreign Bonds	6	[illegible]
Industrials	245	[illegible]
Financial and Prop.	122	[illegible]
Oils	9	[illegible]
Plantations	7	[illegible]
Mines	61	[illegible]
Recent Issues	9	[illegible]
Totals	464	[illegible]

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
ICI	£1	11	338	−2	363	328
BP	£1	9	784	−2	864	720
Gill & Duffus	25p	9	235	+11	235	190
London Mer. Secs.	25p	9	93	+14	95	73
Turn. & New New	Nil/pd.	9	14pm	—	14pm	11pm
Commercial Union	25p	8	143	−2	158	138
RTZ	25p	8	199	−8	210	164
BAT Inds.	25p	7	308	+1	310	267
Barclays Bank	£1	7	340	−5	353	296
Euro Ferries	25p	7	110½	−1½	118	99
GEC	25p	7	240	−2	278	[illegible]
Grand Met.	50p	7	106	−1	109	87
Lucas Inds.	£1	7	278	−3	290	240
Midland Bank	£1	7	350	−5	390	330
Shell Transport	25p	7	542	−3	548	484

LONDON TRADED OPTIONS

Option	July Exercise price	July Closing offer	July Vol.	October Closing offer	October Vol.	January Closing offer	January Vol.	Equity close
BP	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	784p
Com. Union	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	143p
Cons. Gold	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	176p
Courtaulds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	112p
GEC	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	240p
Grand Met.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	106p
ICI	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	337p
Land Secs.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	191p
Marks & Sp.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	144p
Shell	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	540p
Totals			150		56		64	

RECENT ISSUES

EQUITIES

Issue Price p:	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p.	+ or −	Net Div.	Times Covered	Gross Yield	P/E Ratio
105	F.P.	26/4	131	118	Sage Holdings	131		b5.75	2.3	7.8	6.9

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

FT—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wed., April 26, 1978 Index No.	Day's Change %	Est. Earnings Yield% (Max.) (Corp. Tax 52%)	Gross Div. Yield% (ACT at 34%)	Est. P/E Ratio (Net) (Corp. Tax 52%)	Tues. Apr. 25 Index No.	Mon. Apr. 24 Index No.	Fri. Apr. 21 Index No.	Thurs. Apr. 20 Index No.
1	CAPITAL GOODS (170)	201.04	−0.6	17.92	5.89	7.86	202.20	200.65	199.14	199.45
2	Building Materials (27)	179.51	−0.6	18.20	5.97	7.08	180.59	178.98	177.53	178.64
3	Contracting, Construction (38)	313.15	−0.3	18.41	4.24	8.08	314.10	313.37	312.71	313.79
4	Electricals (15)	422.21	−0.6	16.46	4.20	8.71	424.88	419.96	416.42	416.25
5	Engineering Contractors (14)	293.95	−0.3	16.96	6.82	7.97	294.93	294.95	292.98	292.46
6	Mechanical Engineering (71)	162.17	−0.7	19.93	6.41	6.87	163.28	162.34	160.85	161.03
8	Metals and Metal Forming (17)	162.10	−0.6	16.14	8.64	8.63	163.03	161.41	160.42	160.40
	CONSUMER GOODS									
11	(DURABLE) (52)	185.58	−0.5	16.17	5.12	7.89	186.54	186.03	183.39	184.23
12	Lt. Electronics, Radio TV (15)	217.84	−0.6	16.10	3.94	8.93	219.21	218.95	215.26	216.55
13	Household Goods (12)	167.75	−0.7	17.03	6.72	8.16	168.96	167.92	167.37	166.61
14	Motors and Distributors (25)	117.78	−0.3	21.52	6.50	6.67	118.12	117.63	116.14	116.67
	CONSUMER GOODS									
21	(NON-DURABLE) (170)	195.46	−0.6	16.40	5.94	8.40	196.64	197.35	194.37	194.27
22	Breweries (14)	220.43	−0.8	14.81	6.03	10.23	222.11	223.75	222.46	221.73
23	Wines and Spirits (6)	252.63	−0.5	16.01	5.70	9.47	253.77	254.84	253.45	253.53
24	Entertainment, Catering (17)	249.93	−0.9	13.87	6.82	10.46	252.18	252.82	249.66	247.98
25	Food Manufacturing (22)	186.98	−0.8	21.90	5.77	6.33	188.58	187.93	186.51	187.41
26	Food Retailing (16)	189.22	−1.0	14.57	4.89	9.91	191.16	190.72	190.41	190.20
32	Newspapers, Publishing (13)	350.29	+0.3	11.08	3.54	13.27	349.33	358.78	337.64	337.78
33	Packaging and Paper (15)	129.20	−0.5	20.54	9.17	6.90	129.88	129.34	127.87	126.74
34	Stores (39)	180.79	−0.8	10.84	4.45	13.52	182.30	183.58	179.49	178.90
35	Textiles (25)	173.06	−0.2	21.47	7.68	5.77	173.34	171.52	170.19	170.59
36	Tobaccos (3)	237.47	+0.2	23.28	7.88	5.12	236.97	239.44	234.41	235.50
37	Toys and Games (6)	96.30	−0.1	20.96	6.22	6.37	96.44	96.63	96.18	96.85
41	OTHER GROUPS (97)	183.14	−0.3	17.48	6.14	7.55	183.75	182.98	181.48	181.39
42	Chemicals (19)	248.71	−0.3	20.27	6.96	6.74	249.58	248.73	246.64	245.79
43	Pharmaceutical Products (7)	242.64	−0.7	11.63	4.28	10.88	244.25	243.89	241.96	242.72
44	Office Equipment (6)	126.59	−0.3	19.17	5.06	6.17	127.01	127.86	126.88	126.40
45	Shipping (10)	417.82	+0.6	21.44	7.25	5.60	415.36	411.42	408.64	408.84
46	Miscellaneous (55)	194.36	−0.3	17.17	6.55	7.92	194.94	193.62	191.71	191.84
49	INDUSTRIAL GROUP (495)	199.61	−0.5	17.15	5.92	8.01	200.66	200.37	198.05	198.12
51	Oils (5)	461.24	−0.4	16.34	4.30	6.94	463.18	456.41	451.37	449.29
59	500 SHARE INDEX	221.35	−0.5	17.03	5.67	7.83	222.48	221.71	219.17	219.08
61	FINANCIAL GROUP (100)	158.52	−1.1	—	5.82	—	160.35	160.41	159.61	159.56
62	Banks (6)	188.60	−1.3	25.30	5.72	5.98	191.08	192.13	190.18	189.98
63	Discount Houses (10)	193.75	−0.1	—	8.61	—	193.87	193.94	192.92	193.11
64	Hire Purchase (5)	138.83	−3.2	14.09	5.77	10.50	143.37	143.08	143.84	143.01
65	Insurance (Life) (10)	129.52	−0.4	—	7.03	—	130.06	129.55	128.79	128.92
66	Insurance (Composite) (7)	123.34	−1.6	—	6.91	—	125.37	124.86	124.37	123.77
67	Insurance Brokers (10)	324.98	+0.3	14.90	4.50	9.72	323.91	323.37	324.34	329.82
68	Merchant Banks (14)	75.87	−1.1	—	6.35	—	76.71	75.93	76.09	75.52
69	Property (31)	211.38	−1.4	3.19	3.27	60.59	214.39	215.43	214.66	214.63
70	Miscellaneous (7)	105.26	−1.2	24.22	7.54	5.58	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts (50)	201.76	−0.2	—	4.75	—	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (4)	91.70	−0.5	17.08	7.51	6.84	92.14	93.38	[illegible]	[illegible]
91	Overseas Traders (19)	302.39	+1.0	15.74	6.51	7.91	299.51	296.88	295.07	[illegible]
99	ALL-SHARE INDEX (673)	204.94	−0.5	—	5.70	—	205.97	205.42	203.93	[illegible]

FIXED INTEREST PRICE INDICES

	British Government	Wed. Apr. 26	Day's change %	xd adj. to-day	xd adj. 1978 to date
1	Under 5 years	106.16	−0.18	—	3.33
2	5-15 years	116.09	−0.29	—	2.07
3	Over 15 years	119.60	−0.27	—	4.97
4	Irredeemables	128.40	−0.41	—	5.08
5	All stocks	113.31	−0.21	—	3.78

FIXED INTEREST YIELDS — Br. Govt. Av. Gross Red.

			Wed. Apr. 26	Tues. Apr. 25
1	Low	5 years	8.67	8.43
2	Coupons	15 years	10.84	10.79
3		25 years	11.35	11.30
4	Medium	5 years	10.65	10.59
5	Coupons	15 years	12.12	12.09
6		25 years	12.50	12.46
7	High	5 years	11.02	10.95
8	Coupons	15 years	12.68	12.64
9		25 years	12.95	12.92
10	Irredeemables		11.05	11.00

		Wed., April 26 Index	Yield %	Tues. April 25	Monday April 24	Friday April 21	Thurs. April 20	Wed. April 19	Tuesday April 18	[illegible]
15	20-yr. Red. Deb & Loans (15)	68.54	12.69	68.54	68.54	69.39	68.72	69.52	69.52	69.8[illegible]
16	Investment Trust Prefs. (15)	54.78	12.94	54.61	54.61	54.61	54.61	54.63	54.61	54.6[illegible]
17	Coml. and Indl. Prefs. (20)	71.01	12.89	71.01	70.86	70.86	71.42	71.42	71.4[illegible]	

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

LEADERS AND LAGGARDS

The following table shows the percentage changes which have taken place since December 30, 1977, in the principal equity sections of the FT Actuaries Share Indices. It also contains the Gold Mines Index.

Overseas Traders	+6.59	All-Share Index	[illegible]
Tobaccos	[illegible]	Toys and Games	[illegible]
Mining Finance	[illegible]	Chemicals	[illegible]
Office Equipment	[illegible]	Other Groups	[illegible]
Gold Mines F.T.	[illegible]	Electronics, Radio and TV	[illegible]
Mechanical Engineering	[illegible]	Building Materials	[illegible]
Metal and Metal Forming	[illegible]	Stores	[illegible]
Textiles	[illegible]	Food Manufacturing	[illegible]
Newspapers and Publishing	[illegible]	Pharmaceutical Products	[illegible]
Motors and Distributors	[illegible]	Merchant Banks	[illegible]
Wines and Spirits	[illegible]	Financial Group	[illegible]
Packaging and Paper	[illegible]	Insurance (Life)	[illegible]
Engineering Contractors	[illegible]	Electricals	[illegible]
Banks	[illegible]	Household Goods	[illegible]
Investment Trusts	[illegible]	Contracting and Construction	[illegible]
Oils	[illegible]	Insurance (Composite)	[illegible]
Capital Goods Group	[illegible]	Food Retailing	[illegible]
Insurance Brokers	[illegible]	Shipping	[illegible]
Consumer Goods (Non-durable) Group	[illegible]	Property	[illegible]
Entertainment and Catering	[illegible]	Hire Purchase	[illegible]
Breweries	[illegible]	Discount Houses	[illegible]
Consumer Goods (Durable) Group	[illegible]		
500 Share Index	[illegible]		
Industrial Group	[illegible]		

[illegible] based on Tuesday, April 25, 1978 indices.

INSURANCE, PROPERTY, BONDS

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

BASE LENDING RATES

A.B.N. Bank	7½%	■ Hill Samuel §	7½%
Allied Irish Banks Ltd.	7½%	C. Hoare & Co. †	7½%
American Express Bk.	7½%	Julian S. Hodge	8½%
Amro Bank	7½%	Hongkong & Shanghai	7½%
A P Bank Ltd.	7½%	Industrial Bk. of Scot.	6½%
Henry Ansbacher	7½%	Keyser Ullmann	7½%
Banco de Bilbao	7½%	Knowsley & Co. Ltd.	9%
Bank of Credit & Cmce.	7½%	Lloyds Bank	7½%
Bank of Cyprus	7½%	London Mercantile	7½%
Bank of N.S.W.	7½%	Edward Manson & Co.	9%
Banque Belge Ltd.	7½%	Midland Bank	7½%
Banque du Rhone	8%	■ Samuel Montagu	7½%
Barclays Bank	7½%	■ Morgan Grenfell	7½%
Barnett Christie Ltd.	8½%	National Westminster	7½%
Bremar Holdings Ltd.	8½%	Norwich General Trust	7½%
Brit. Bank of Mid. East	7½%	P. S. Refson & Co.	7½%
Brown Shipley	7½%	Rossminster Accept'cs	7½%
Canada Perm'nt Trust	7½%	Royal Bk. Canada Trust	7½%
Capitol C & C Fin. Ltd.	8½%	Schlesinger Limited	7½%
Cayzer Ltd.	8%	E. S. Schwab	9½%
Cedar Holdings	8%	Security Trust Co. Ltd.	8½%
Charterhouse Japhet	7½%	Shenley Trust	9½%
Choulartons	7½%	Standard Chartered	7½%
E. Coates	8½%	Trade Dev. Bank	7½%
Consolidated Credits	6½%	Trustee Savings Bank	7½%
Co-operative Bank *	7½%	Twentieth Century Bk.	8½%
Corinthian Securities	6½%	United Bank of Kuwait	7½%
Credit Lyonnais	7½%	Whiteaway Laidlaw	8%
The Cyprus Popular Bk.	7½%	Williams & Glyn's	7½%
Duncan Lawrie ¶	7½%	Yorkshire Bank	7½%
Eagil Trust	7½%		
English Transcont.	8%		
First London Secs.	7½%		
First Nat. Fin. Corpn.	8½%		
First Nat. Secs. Ltd.	8%		
Antony Gibbs	7½%		
Greyhound Guaranty	7½%		
Grindlays Bank ‡	7½%		
Guinness Mahon	7½%		
Hambros Bank	7½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 4%, 1-month deposits 4½%.
† 7-day deposits on sums of £10,000 and under 4%, up to £25,000 4½% and over £25,000 5%.
‡ Call deposits over £1,000 4%.
§ Demand deposits 5%.
¶ Rate also applies to Sterling Ind. Secs.

NOTES

Prices do not include $ premium except where indicated ‡, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♦ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. ⊘ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

CLIVE INVESTMENTS LIMITED

1 Royal Exchange Ave., London EC3V 3LU. Tel.. 01-283 110[illegible]
Index Guide as at 25th April, 1978 (Base 100 at 14.1.77.)

Clive Fixed Interest Capital	128.14
Clive Fixed Interest Income	113.87

CORAL INDEX: Close 455-460

INSURANCE BASE RATES

† Property Growth	8%
† Vanbrugh Guaranteed	8%

† Address shown under Insurance and Property Bond Table

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

1978 High	Low	Stock	£	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
102 31/32	100 31/32	Treasury 10½pc '78‡‡	100 31/32	.....	10.42	7.06
99⅝	98¾	Exch. 5pc '76-78‡‡	99⅛	...	5.04	7.08
105⅜	102½	Treasury 11½pc '79‡‡	102½	−1/16	11.22	8.39
97	94¾	Treasury 3pc '79‡‡	95⅝	.....	3.14	6.31
97⅞	95⅛	Electric 4¼pc '74-79	96⅜	...	4.41	6.96
104 11/16	101⅝	Treasury 10½pc '79‡‡	101 13/16xd	−⅛	10.31	9.16
96½	94¾	Electric 3½pc '76-79	95⅞xd	...	3.65	6.33
103⅜	98⅛	Treasury 9pc 1980‡‡	99 5/16	−¼	9.06	9.39
102 13/16	99⅝	Treasury 9½pc '80‡‡	100 3/16xd	−1/16	9.48	9.41
95⅛	92⅞	Treasury 3½pc '77-80	93¼	−⅛	3.75	6.95
96½	94	Funding 5¼pc '78-80‡‡	95	−⅛	5.53	7.83
110¼	105½	Exchequer 13pc 1980‡‡	106⅛xd	−1/16	12.25	10.24
106¼	102⅞	Treasury 11½pc 1981‡‡	102 11/16	−1/16	11.20	10.31
91⅝	88⅝	Treasury 3¼pc 1979-81	89¼	...	3.92	7.78
101¼	98 13/16	Treasury 9¾pc 1981‡‡	98 13/16	−1/16	9.85	10.37
97 7/16	94 13/16	Exch. 8¼pc 1981	94 13/16	−1/16	8.69	10.17
100¼	97⅝	Exch. 9½pc 1981	97⅝	−⅛	9.73	10.37
87 13/16	86¾	Exch. 3pc 1981	86⅞	.	3.45	7.54
96 13/16	96⅛	Treas. Variable '81§§	96 3/16xd	+1/16	6.38	8.71
111	105 13/16	Exch. 12¾pc 1981‡‡	106⅛xd	−¼	12.01	10.64
99⅜	94¾	Treas. 8½pc '80-82‡‡	94¾	−⅛	8.97	10.22
86⅝	83¼	Treasury 3pc '82‡‡	84¼	.	3.56	7.86
115⅞	110 1/16	Treasury 14pc '82‡‡	110 1/16	−1/16	12.72	10.74
96	95 5/16	Treas. Variable '82§§	95 5/16	−1/16	7.81	8.76
96⅜	92½	Treasury 8¼pc '82	92½	−¼	8.92	10.50
100¼	95	Exch. 9¼pc 1982	95	−¼	9.74	10.68
96 13/16	93	Exch. 8¾pc 1983	93	−1/16	9.41	10.67
85¾	80¾	Exch 3pc '83	81	−1/16	3.70	7.80
114¼	104⅞	Treasury 12pc 1983‡‡	104⅞	−¼	11.44	10.68
		Five to Fifteen Years				
100⅛	95¾	Treasury 9¼pc '83	96⅝	−¼	9.83	10.74
89⅝	84¼	Funding 5½pc '82-84‡‡	84⅜	−¼	6.64	9.44
96⅞	91⅞	Treasury 8½pc '84-86‡‡	91⅞	−¼	9.51	10.46
87⅝	79	Funding 6½pc '85-87‡‡	79⅛xd	−¼	8.21	10.07
89⅝	82¼	Treasury 7¾pc '85-88‡‡	83⅝	−¼	9.49	10.83
68⅜	61¾	Transport 3pc '78-88	62	−¼	4.91	8.89
75⅝	65⅝	Treasury 5pc '86-89	65¾	−¼	7.62	10.14
115¼	107⅛	Treasury 13pc 1990‡‡	107½	−¼	12.52	12.35
89⅜	81¼	Treasury 8¼pc '87-90‡‡	82½	−¼	10.38	11.41
106½	98⅛	Treasury 11¾pc 1991	98⅝	−¼	12.34	12.50
75⅛	65	Funding 5¾pc '87-91‡‡	65	−¼	8.89	10.91
112⅛	103¾	Treasury 12¾pc '92‡‡	104⅛	−¼	12.65	12.61
96⅛	85½	Treasury 10pc 1992	86⅝	−⅛	11.79	12.30
113	99	Exch. 12¼pc '92	99½	−¼	12.57	12.63
		Over Fifteen Years				
110⅝	101	Treasury 12½pc '93‡‡	102⅜	−¼	12.65	12.67
72⅜	62¼	Funding 6pc 1993‡‡	62⅜	−¼	9.73	11.30
120¼	105⅜	Treasury 13¾pc 1993‡‡	105⅞xd	−¼	12.93	12.80
128⅞	113⅜	Treasury 14½pc '94‡‡	113⅜	−¼	13.05	12.83
114⅛	100¼	Exch. 12½pc 1994	100¼	−¼	12.75	12.78
89⅞	78	Treasury 9pc '94‡‡	78xd	−¼	11.47	12.02
106¼	98¼	Treasury 12pc '95	98¼	−¼	12.60	12.68
51⅞	44¾	Gas 3pc '90-95	44⅝xd	−⅛	6.70	9.69
95	85¾	Exch. 10¼pc 1995	86⅛	−¼	12.19	12.52
200	99½	Treasury 12¾pc '95‡‡	99½xd	−¼	12.73	12.73
90½	78⅛	Treasury 9pc '92-96‡‡	78⅛	−¼	11.68	12.17
131½	115⅝	Treasury 15¼pc '96‡‡	115⅝xd	−¼	13.16	12.96
117⅞	102⅝	Exchequer 13¼pc '96‡‡	102⅝xd	−¼	12.83	12.79
50	43⅞	Redemption 3pc 1986-96	43⅞	−⅛	6.87	9.56
115¼	106½	Treasury 13¼pc '97‡‡	106½	−⅛	12.86	12.80
98⅜	86½	Exchequer 10½pc 1997	87⅛	−¼	12.32	12.55
88¼	76⅛	Treasury 8¾pc 1997‡‡	76⅛	−¼	11.70	12.15
72¼	61⅛	Treasury 6¾pc '95-98‡‡	61⅛xd	−¼	11.03	11.86
135⅝	119¾	Treas. 15½pc '98‡‡	119¾	−¼	13.11	12.93
—	—	Ex 12pc. '98 £30pd.	£96	...	12.58	12.54
90½	82⅜	Treasury 9½pc 1999‡‡	82⅜	−¼	11.92	12.20
96¼	84	Treasury 10½pc 1999	84¼xd	−¼	12.37	12.56
42½	37½	Funding 3½pc '99-04	37½	−⅛	9.59	10.84
80⅞	68⅞	Treasury 8pc '02-06‡‡	68⅞	−¼	11.70	11.90
58¾	48¾	Treasury 5½pc '08-12‡‡	48⅞	−¼	11.42	11.67
76⅝	67⅞	Treasury 7¾pc '12-15‡‡	67⅞	−¼	11.75	11.83
		Undated				
37⅛	33¼	Consols 4pc	33⅛	−⅛	12.33	—
37⅛	32⅝	War Loan 3½pc‡‡	32⅝xd	−⅛	10.62	—
39¼	33	Conv. 3½pc '61 Aft	35⅛	−⅛	10.04	—
28⅝	24⅜	Treasury 3pc '66 Aft	24⅜	−⅛	12.40	—
24⅛	21	Consols 2½pc	21	−⅛	11.99	—
24	20¼	Treasury 2½pc	20¼	−⅛	12.45	—

**INTERNATIONAL BANK

88	83	5pc Stock '77-82	83	−¼	6.02	9.94

**CORPORATION LOANS

98¼	95	Birm'ham 9¾pc '79-81	96¼	−¼	9.61	10.61
94¼	90¾	Bristol 7¾pc '79-81	91½xd	.....	8.47	10.69
107	103	G.L.C. 12½pc '82	103xd	−½	12.13	11.55
112	103¾	Do 12½pc 1983	105	−½	12.20	11.85
97¼	94	Glasgow 9¼ '80-82	94¼xd	..	9.81	10.89
93	90¼	Herts 5½pc '78-80	91½xd	−¼	5.75	10.02
99½	97⅞	Liverpool 5¼pc '76-78	98 13/16	−1/16	5.81	8.17
102½	91½	Do 9¾pc '80-84	91½xd	−½	10.59	11.61
29¾	27	Do. 3½pc Irred.	27¾	−¼	12.92	
100 1/16	99	Lon. Corp. 6½pc '75-78	99½	−1/16	6.53	8.23
99¾	91½	Do. 9¼pc '84-85	91½	−1	10.18	11.06
97¼	95	L.C.C. 6pc '76-79	95½	...	6.28	9.66
92½	87¼	Do 5½pc '77-81	87¼	−¼	6.29	9.99
87½	77½	Do 5½pc '82-84	77½	−½	7.24	10.91
75½	69½	Do 5½pc '85-87	69½	−1	8.15	11.29
78	70	Do 6¾pc '88-90	70	−1	9.92	11.73
26½	23¼	Do. 3pc '20 Aft.	23¼	−¼	13.08	—
93¾	91½	Middx. 5¼pc 1980	92¼	−½	5.69	9.80
99½	96¼	Newcastle 9¼pc '78-80	96¼	−¼	9.61	11.04
106¾	102½	Warwick 12½% 1980	103¼xd	−¼	12.10	10.97

COMMONWEALTH & AFRICAN LOANS

100⅞	98½	**Aust. 5½pc '75-78	98¾	−⅛	5.59	9.24
95¼	93½	**Do. 5½pc '77-80	94¾	.....	5.91	10.07
88¼	83½	**Do 5½pc '81-82	84½	+½	6.62	10.87
98⅝	96¼	**N.Z. 4pc 1976-78	98⅝	+⅛	4.11	8.74
96½	92¾	**Do 6pc '76-80	94½	+¼	6.42	9.88
87⅞	85½	**Do. 7¾pc '83-86	86¼	.....	8.97	10.55
95	91	Sth. Africa 9½pc '79-81	94xd	.....	10.20	11.54
70	55	Sth. Rhod. 2½pc '65-70	59	.....	—	—
96	85	Do. 6pc '78-81	90	.....	—	—

LOANS

Public Board and Ind.

64½	59	Agric. Mt. 5pc '59-89	61	−1	8.41	11.55
90½	85½	Alcan 10½pc '89-94	85½	....	12.95	13.40
33¾	29½	**Met. Wtr. 3pc 'B'	29¾	−¼	10.24	11.92
127	107	U.S.M.C. 9pc 1982	127	+1	7.32	3.20
95½	92½	Do. without Warrants	95½	+½	9.83	11.50

Financial

107¼	103	**FFI 13pc '81	103½	−½	12.56	11.46
110	102	Do. 14pc '79	103½xd	.....	13.53	11.40
114½	109	Do. 14pc '83	109¾	−½	13.34	12.73
85	79½	ICFC 5½pc Deb. '80-82	82	.....	6.77	10.80
81½	73¼	Do. 6¼pc Db. '81-84	76xd	+½	8.22	11.60
99	95½	Do. 10¾pc Uns. Ln. '86	97	.....	11.22	11.70
99¼	96	Do. 11pc Uns. Ln. '88	96½	.....	11.81	12.15
101½	96½	Do. 11¼pc Uns. Ln. '90	96½	.....	12.63	12.90
71½	65	Do. 7¼pc A Deb. '89-92	65½	.....	11.61	13.05
71½	62½	Do. 7¼pc A Db. '91-94	63	.....	11.66	12.80
84½	74	Do 9pc A '91-94	75	.....	12.16	12.89
81¼	71½	Do. 8¾pc Ln. '92-97	71½	−½	12.81	13.40

FOREIGN BONDS & RAILS

1978 High	Low	Stock	Price £	+ or −	Div. % Gross	Red. Yield
19½	17	Antofagasta Rly	17	.....	—	—
33	33	Do. 5pc Pref.	33	.....	B—	—
98	98	Chilean Mixed	98	.....	3	£3.09
400	350	German Yng. 4½pc	400	.....	4½	—
54	46	Greek 7pc Ass.	54	.....	3½	£6.70
50	46	Do 6pc '28 Stab. Ass.	49	.....	6	£6.12
44	40	Do 4pc Mixed Ass.	43	.....	4	£4.71
55	42	Hung. '24 Ass.	55	.....	4½	5.12
77	67	Iceland 6½pc '83-88	67	.....	—	12.65
88	85	Ireland 7½pc '81-83	85¼	.....	7½	11.94
91	82	Do 9¾pc '91-96	82	−¼	9¾	12.46
375	265	Japan 4pc '10 Ass.	370	.....	—	—
87	77	Do 6pc '83-88	77	.....	6	9.80
160	145	Peru Ass. 3pc	157	.....	3	1.92
75p	75p	S.G.I. 6½pc 1980	75	.....	6½	8.67
$99	$94½	Turin 9pc 1991	$94½	.....	9	9.52
83½	81	Turin 6½pc 1984	81xd	.....	6½	11.35
94	94	Uruguay 3½pc	94	.....	3½	4.80

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

1978 High	Low	Stock	£	+ or −	Div. Gross	Cvr	Y'ld Gr's
17	13½	ASA	15½	.....	80c	—	2.9
60½	60½	AMF 5% Conv. '87	60½	....	5%	—	£4.8
30¾	22	Amax $1	30¾	+1¾	$1.75	—	3.2
30	21¼	American Express	29½	+1	$1.40	—	2.7
33½	11	Amer. Medic. Int.	19⅝	+⅛	30c	—	0.9
15⅝	969p	Asarco Inc.	13½	.....	40c	—	1.7
38	28¼	Baker Intnl. Corp. $1	37⅝	+1⅜	64c	—	1.0
17⅝	11⅞	Barnes Grp. $6⅔	17⅛	−⅛	90c	—	3.0
31¾	22	Bendix Corp. $5	30⅞xd	+1⅜	$2.28	—	4.2
19	13	Beth. Steel $8	18	−1	$1.00	—	3.1
10¼	625p	Brown'g Fer. c16⅔	996p	+14	40c	—	2.3
12⅝	857p	Brunswick Corpn. $	11⅛xd	.....	70c	—	3.4
56¾	41⅞	Burroughs Corp. $5	56xd	−¾	$1.00	—	1.0
43⅝	30½	CBS $2.50	43⅝	+2⅝	$2.40	—	3.1
38¼	28¼	C.P.C. $⅓	38¼xd	+⅝	$2.50	—	3.7
44	32¼	Caterpillar $1	44	+1⅛	$1.80	—	2.3
26	17⅞	Chase M'htn $12.5	25¾	−¼	$2.20	—	4.8
19⅞	13⅝	Chesebrough $1	19½	....	94c	—	2.7
11	765p	Chrysler $6¼	10	+⅛	$1.00	—	5.6
19½	13½	Citicorp $4	19⅛xd	+1	$1.06	—	3.1
12⅛	733p	City Inv. $1.25	12⅛	+¼	$1.00	—	4.6
20⅞	14⅝	Do. Cm. Prf. B$1	20⅝	+⅛	$2	—	5.4
17½	12¾	Colgate-P. $1	17¼xd	+1¼	$1.00	—	3.2
43⅛	29	Colt Inds. $1	42xd	+½	$2.75	—	2.4
23½	15½	Cont. Illinois $10	23	+⅛	$1.32	—	3.3
24½	17	Cont. Oil $5	22¼	−1¼	$1.40	—	3.6
26¾	20⅛	Crown Zell. $5	26⅛xd	+⅝	$1.90	—	4.1
35¼	20⅛	Cutler-Hammer $5	35¼	.....	$1.40	—	2.2
31	22	Eaton Crp. $0.50	31	+½	$2.25	—	4.1
23	17¼	Esmark	23xd	+1⅛	$1.84	—	4.5
38¼	28¼	Exxon $1	38¼	+1⅛	$3.20	—	4.7
11⅞	670p	Firestone Tire $	11⅝xd	+¼	$2.10	—	5.3
17¼	11¼	First Chicago	17xd	.....	$1.00	—	3.3

AMERICANS—Continued

CANADIANS

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

BUILDING INDUSTRY—Cont.

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Cont.

ELECTRICAL AND RADIO

ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INSURANCE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

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PROPERTY

INSURANCE

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

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SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INV. TRUSTS—Continued

Finance, Land, etc.

FINANCE, LAND—Continued

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

MINES—Continued

CENTRAL AFRICAN

1978 High	1978 Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
210	155	Falcon Rh.50c	180	......	Q50c	1.3	23.7
24	17	Rhod'n Corp. 16½p.	19xd	......	0.56	ϕ	4.5
73	52	Roan Cons. K4	65	......	—	—	—
140	122	Tanganyika 50p	140	......	Q11.0	1.1	7.9
80	78	Do Pref 80p	80	......	Q9%	16.4	9.0
41	32	Wankie Col. Rh.1	36xd	......	†Q7½c	1.4	17.8
12½	10	Zam.Cpr SBD0.24	11½	......	—	—	—

AUSTRALIAN

1978 High	1978 Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
12	10	Acmex 25c	10	......	—	—	—
113	64	Bougainville 50 Toea	104	+2	Q8c	1.4	4.8
78	63	BH South 50c	74	+1	—	—	—
217	148	Conzinc Riotinto 50c	216	+6	Q10c	2.2	2.9
72	48	G.M. Kalgoorlie $1	50	......	—	—	—
134	81	Hampton Areas 5p	132	+8	1.45	4.1	1.7
17	10	Metals Ex. 50c	16	+1	—	—	—
187	125	M.I.M. Hldgs. 50c	185	+6	Q9c	1.7	3.0
24	10	Mount Lyell 25c	22	......	—	—	—
2½	1½	Newmetal 10c	2	......	—	—	—
112	79	North B. Hill 50c	109	+2	Q8c	1.5	4.6
11½	8½	Nth. Kalgurli	10	......	—	—	—
156	117	Oakbridge $A1	149	+6	†Q11c	1.9	4.6
40	30	Pacific Copper	34	......	—	—	—
£10⅛	750	Pancont'l 25c	925	+25	—	—	—
18½	12	Paringa M&Ex.5p	16	+½	—	—	—
480	310	Peko-Wallsend 50c.	450	+14	Q15c	4.0	2.1
122	84	Westn. Mining 50c	120	+4	Q6c	1.4	3.1
50	35	Whim Creek 20c	35	......	—	—	—

TINS

1978 High	1978 Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
30	24	Amal. Nigeria	24	......	†2.51	1.6	15.9
305	240	Ayer Hitam SM1	300	+10	†Q67c	0.9	‡
55	45	Beralt Tin	51	......	3.75	ϕ	11.7
253	200	Berjuntai SM1	250	+5	†Q110c	ϕ	‡
130	111	Geevor	130	......	18.05	3.4	21.0
10	8½	Gold & Base 12½p	9	......	—	—	—
270	220	Gopeng Cons.	225xd	+5	15.0	0.9	10.1
155	130	Hongkong	150	......	—	—	—
93	78	Idris 10p	80xd	+2	7.5	ϕ	14.2
11	10	Jantar 12½p	11	......	—	—	—
73	68	Kamunting SM0.50	68	......	ZQ15.5c	0.7	4.9
455	450	Killinghall	455	......	Q125	ϕ	27.5
320	280	Malay Dredging SM1	295	+5	†Q95c	0.8	6.9
52	40	ΔPahang	52	+2	†Q2.5	0.5	4.8
58	50	Pengkalen 10p	50	......	6.5	1.3	19.7
190	165	Petaling SM1	180	......	mQ12½c	10.9	1.5
61	49	Saint Piran	53	......	g1.99	4.6	5.7
61	47	South Crofty 10p	53	......	b4.13	1.5	11.8
180	140	South Kinta SM0.50	150	+5	†Q77.8c	1.4	11.1
280	230	Sthn. Malayan SM1	240	+5	†Q131.3c	1.1	11.8
178	134	Sungei Besi SM1	175	+3	—	—	—
68	55	Supreme Corp. SM1	68	......	ZQ10c	—	3.2
100	85	Tanjong 15p	85xd	......	6.5	ϕ	11.9
90	74	Tongkah Hrbr. SM1	85	......	Q612%	1.6	14.4
185	148	Tronoh SM1	185	+3	ZQ88c	ϕ	10.2

COPPER

1978 High	1978 Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
96	70	Messina R0.50	88	......	†Q30c	1.9	‡

MISCELLANEOUS

1978 High	1978 Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
10½	9	Burma Mines 17½p	10½	......	—	—	—
300	220	Cons. Murch. 10c	245	......	Q30c	2.6	7.3
385	245	Northgate C$1	385	......	—	—	—
210	164	R.T.Z.	199	−8	9.5	2.8	7.5
46½	30	Sabina Inds. C$1	34	+1	—	—	—
950	750	Tara Exptn. $1	930	+18	—	—	—
45	43	Tehidy Minerals 10p	43	......	1.33	ϕ	4.8
162	120	Yukon Cons. C$1	153	−1	Q7c	ϕ	2.2

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- • "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ● Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ÷ Regional price.
- Ⅱ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Cover and P/E ratio exclude profits of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 40

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or —
Albany Inv. 20p	23	......
Ash Spinning	45	......
Bertam	23	......
Bdg'wtr. Est. 50p	268	......
Clover Croft	22	......
Craig & Rose £1	410	......
Dyson (R. A.) A	40	......
Ellis & McHdy	65	......
Evans Fr'k. 10p	57#	......
Evered	14	......
Fife Forge	49	......
Finlay Pkg. 5p	20	......
Graig Ship. £1	150	......
Higsons Brew	77	......
I.O.M. Stm. £1	145	......
Holt (Jos.) 25p	252	+2
N'thn. Goldsmith	55	+2
Pearce (C. H.)	128	......
Peel Mills	19	......
Sheffield Brick	48	......
Sheff. Refrshmt.	50	......
Sindall (Wm.)	85	......

IRISH

Stock	Price	+ or —
Conv. 9% '80/82	£93½	−⅛
Alliance Gas	65	......
Arnott	290	......
Carroll (P.J.)	93	......
Clondalkin	100	−6
Concrete Prods.	128	......
Heiton (Hldgs.)	40	......
Ins. Corp.	186¼xd	......
Irish Ropes	132	......
Jacob	65xd	......
Sunbeam	32	+2
T.M.G.	193	−1
Unidare	95	......

OPTIONS
3-month Call Rates

Industrials

Stock	Rate
A. Brew	6½
A.P. Cement	18
B.S.R.	9
Babcock	10
Barclays Bank	25
Beecham	38
Boots Drug	15
Bowaters	16
B.A.T.	24
British Oxygen	6
Brown (J.)	20
Burton 'A'	13
Cadburys	5
Courtaulds	10
Debenhams	10
Distillers	13
Dunlop	8½
Eagle Star	11
E.M.I.	18
Gen. Accident	17
Gen. Electric	18
Glaxo	40
Grand Met.	9
G.U.S. 'A'	18
Guardian	18
G.K.N.	22
Hawker Sidd.	20
House of Fraser	12
I.C.I.	23
"Imps"	7
I.C.L.	20
Inveresk	7
KCA	5
Ladbroke	17
Legal & Gen.	14
Lex Service	7
Lloyds Bank	22
"Lofs"	5
London Brick	5
Lonrho	7
Lucas Inds.	25
Lyons (J.)	13
"Mams"	7
Mrks & Spncr	11
Midland Bank	25
N.E.I.	20
Nat. West. Bank	22
Do Warrants	10
P & O Dfd.	10
Plessey	9
R.H.M.	5
Rank Org. 'A'	18
Reed Intl.	14
Spillers	4
Tesco	4
Thorn	22
Trust Houses	15
Tube Invest.	30
Unilever	40
Utd. Drapery	7½
Vickers	15
Woolworths	6

Property

Stock	Rate
Brit. Land	3¼
Cap. Counties	5
E.P.	5
Intereuropean	4
Land Secs.	18
MEPC	12½
Peachey	10
Samuel Props.	10
Town & City	2

Oils

Stock	Rate
Brit. Petroleum	35
Burmah Oil	7
Charterhall	3½
Shell	28
Ultramar	22

Mines

Stock	Rate
Charter Cons.	12
Cons. Gold	20
Rio T. Zinc	16

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Thursday April 27 1978

Bullock compromise before Cabinet to-day

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

STATUTORY RIGHTS for union members to claim one-third of the seats on a company's policy Board are proposed in a White *Paper on industrial democracy* expected to be approved to-day by the Cabinet.

This right would operate after a waiting period of three to five years. There would also be an immediate statutory right for *union members to be consulted* by their employers on major company decisions.

The proposals fall far short of the plans for worker-directors set *out 15 months ago in the Bullock* Report. They amount to a compromise which is unlikely to arouse the anger of either the CBI or the TUC.

*The Prime Minister, who is ex*pected to launch the White Paper within the next fortnight, has, therefore, defused last year's bitter row over the Bullock pro*posals*.

He will stress that the White Paper has "green edges" on several issues and will point out that, since there is no prospect of any *legislation* on the subject before the next General Election, there is still time for further consultation with both sides of industry.

The proposals are, however, to be included in Labour's next Election *manifesto*.

Subject to one or two points which Cabinet Ministers have to decide to-day, the White Paper proposes that there should be a *statutory obligation on com*panies to consult union representatives before making major company decisions.

This would start as soon as the legislation was enacted, and the union representatives would *sit on a new company-wide form* of joint representation committee, which the Bullock Report proposed as its springboard for worker directors.

But it is accepted by the Government that there is no effective *statutory sanction* that could be imposed on companies which did not consult effectively.

Unions could, however, complain to the Advisory, Conciliation and Arbitration Service, or to an Industrial Democracy Commission which some Ministers want set up.

After a certain waiting period, union members would have the statutory right to claim one-third of the seats on a policy Board which would sit on top of a management Board.

White paper

The cabinet has to decide today whether this waiting period should be three, four or five years. It is also to consider *whether the unions' ultimate aim* of a 50-50 Boardroom should be acknowledged as an eventual target.

The White Paper will stress that it would be open to a company and its unions to agree on *any Boardroom arrangements* they liked. But the statutory fallback that it will propose will be the one-third proportion on a policy Board.

This Board would have more executive powers than the German-style supervisory Board, because it would have the right to lay down the company's policy. It might also include representatives of top management.

The rights of non-unionists would be covered by a provision for an identifiable "homogenous group" of more than 100 employees outside a union to appeal to ACAS if they felt their interests would not be properly *looked after by the union repre*sentatives. Although ACAS might be able to hold up a Boardroom scheme while it studies the problem, it would not be able to enforce any solution.

In this way, the White Paper is a compromise between the CBI, which wants to build participation from the shop floor upwards with special provision for non-unionists, TUC leaders who want to see a statutory trade union right to Boardroom seats, and other union leaders who oppose Boardroom representation and want extended bargaining on company decisions.

But, at the same time, the proposals will raise objections, especially from industrialists who do not want any statutory com*pulsion and who dislike partici*pation statutorily based on trade unions.

The role of ACAS, which is disliked by many employers *because of its statutory commit*ment to extend union recognition and collective bargaining, is also likely to be opposed.

TUC supporters of worker directors have, on the other hand, lost out on their demands for *immediate statutory rights to* Boardroom seats while other union leaders' extended bargaining ideas have been watered down to mere consultation.

Oil operators want BNOC powers cut

BY RAY DAFTER, ENERGY CORRESPONDENT

OIL INDUSTRY pressure for *changes in North Sea policies* and in the role of the British National Oil Corporation was yesterday given strong backing by the U.K. offshore Operators' Association, the representative body of drilling groups. Com*panies have claimed that existing* policies are slowing exploration and development work.

The operators' association is expected to ask Mr. Anthony Wedgwood Benn, Energy Secretary, to scrap his new policy, *which* gives BNOC the priority right to be involved in any sale or transfer of licence interests. BNOC has been given the right of first refusal in all of these so-called "farm-in" deals, a move—the operators say—which is holding up commercial transactions and drilling activities.

Mr. George Williams, director general of the operators association, said yesterday that there was universal concern in the industry about the dual role of BNOC—that of a growing commercial oil group and a Government monitoring and advisory *organisation*. "Some members are also concerned about delays caused by BNOC's involvement in so many activities," he added.

'Godfather'

These comments reinforce the criticism of BNOC and Government policies made recently by executives of two major U.S. oil groups. Mr. George Keller, vice-chairman of *Standard Oil* of California, has described BNOC as an "albatross" around the neck of offshore oil companies.

Mr. Bob MacAlister, president of Occidental International Oil—the European and African wing of the Occidental oil group—has told staff in an internal letter *that it is* "the unpublicised objective of the Socialists to eventually put the rest of us out of business in the U.K."

Mr. Tom King, Shadow Energy spokesman, yesterday attacked the "Godfather-like power" of BNOC. Mr. King, commenting on *yesterday's Financial Times* report of Mr. MacAlister's letter, said it was the second clear example in recent weeks of the deep distrust that existed between oil companies and the state oil corporation.

"*It is a measure also of the* Godfather-like power of BNOC that the only insight into the company's real attitudes comes from incidents like this because of their fear of the consequences of any more public criticism."

Constructive

Lord Kearton, chairman and chief executive of the state oil corporation, has refused to comment publicly on the latest Occidental statements.

However, *it is understood that* in talks with Government Ministers and officials he has stressed the constructive relationship that exists between the Corporation and senior executives in the industry.

It is likely that builders of concrete production platforms will soon want changes in conditions on offshore tendering. The concrete platform constructors badly in need of new contracts, are expected to ask the *Government to insist* that oil companies give them a fair opportunity to bid for platform orders.

● Occidental last night confirmed that it had made an oil discovery on the group's block 14/18, adjacent to its Claymore field. The discovery is the first made under the fifth round of licences in which BNOC has a 51 per cent. stake in virtually *all blocks*.

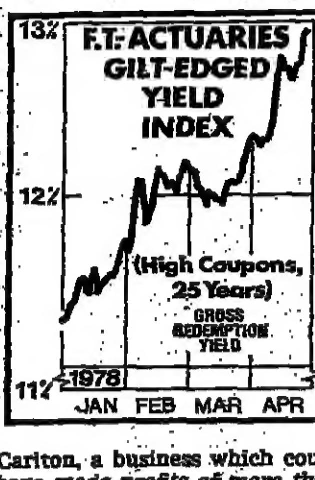
Occidental tested its exploration well at a flow rate of 1,400 barrels a day, and it is now applying for Government permission to drill a second well on the block.

THE LEX COLUMN

The growth route for Euroferries

With long yields now nudging *13 per cent.* the new *long tap* is the best part of £2 above the market so there are unlikely to be many applications for to-day's *issue*. *The authorities* will have to restore confidence to the foreign exchange and money markets before they can *expect to tap the potentially* large institutional demand for *gilts at these yield levels*.

Index fell 2.9 to 457.8



European Ferries

European Ferries' pre-tax *profits have virtually doubled to* £21.8m., it has reduced its gearing significantly and unlike other U.K. shipping companies it is confident that it can increase its profits in the current year. Last summer when it showed interest in acquiring Furness Withy it was laughed *out of court*. To-day any such approach would have to be taken *much more seriously*. At 110½p, its market capitalisation of £116m. is nearly double that of Furness Withy and not much less than that of Ocean Transport.

Admittedly, the property side chipped in £4m. and Felixstowe Dock nearly doubled its contribution but the real growth came from the shipping side where *profits rose from £7.8m. to £16m.* Tourist tariffs rose by a tenth in 1977 and freight *rates* were 15 per cent. higher while volume was up by 5 per cent. and 15 per cent. on the tourist and freight sides respectively. U.K. tourism is expected to rise strongly this year while the group has increased its sailings by 17 per cent. Consequently, it should be heading for profits of £25m. in 1978.

*The group is talking of spend*ing £75m. on new ferries over *the next five years but* given the healthy cash flow this should not be too much of a strain. Meanwhile a yield of 3.8 per cent. compares with Ocean Transport's 10 per cent.

Hawker/Carlton

London Merchant Securities is content to sell a big chunk of its 79 per cent. holding in Carlton Industries to Hawker Siddeley for 165p per share, compared with a *suspension* price of 170p. But two of its *directors*, who also make up Carlton's executive team, are not accepting in respect of their own shareholding—and there is no apparent reason why the Carlton minority should accept either.

Hawker is offering £22.9m. for a 51.9 per cent. stake in Carlton, a business which could have made profits of more than £10m. in the year just ended. *As part of the deal*, it will then sell its own (small) lead battery interests to Carlton for £4m. cash.

At a net cost of £19m., therefore, it will be buying control on a single figure p/e of a business which has readily disposable interests in whisky distilling, making profits of over £2m. a year, and housebuilding (profits of over £1m.). *It* will also control a successful battery *business*, *part of which* was acquired six years ago for £16m. In 1981, it will make a bid for the remaining Carlton shares on a formula based on 165p per share adjusted for the movement in profits in the interim period.

So the immediate question is why *LMS* is accepting these terms. It clearly wants to *retain a stake in the business*, since it says that it is not going to accept the 1981 offer. But it has undertaken to ensure that Hawker gets 51.9 per cent. of Carlton's shares on its initial offer, which means that its shareholding will be substantially reduced. It is easy to guess why Hawker is happy to bid in two stages, since the *price for outright control would* clearly be more than 165p per *share*. *But why is LMS so keen* on cash in hand?

Discount houses

Discount houses, by convention, do not publish half-yearly figures. If they did, it would probably emerge that the bumper figures reported yesterday by three houses—Gerrard and National, Smith St. Aubyn and Jessel Toynbee—owed more or less everything to the first six months. For since October MLR has risen 5 to 7½ per cent. and the [gilt-]*edged market has been* [...] consistently downhill. A [...] *date was November 25*, the discount market was [...]*sively caught napping* [...] two-point MLR jump, w[...] portfolios have general[ly re]mained high throughou[t] autumn and winter, thoug[h ...]ing away by March.

So a jump of two-thi[rds in] *Gerrard's* disclosed net [...] to £5.71m. (plus at leas[t ...] which has gone direc[t to] reserves) reflects the [...] *bonanza from tumbling* [...] rates, together with the [...] of a turnround in [...] broking. Smith is ra[ther] buoyant, disclosing a [...] cent. gain, while Jessel [brings] up the rear with a 29 p[er cent.] improvement. All these [...] have no doubt hand[...] topped up their inner re[serves] and the yields (7.5 per c[ent. for] *Gerrard, more for the* two, with Smith add[...] *Preference scrip issue*) [...] very safe. But this [...] to prove quite a difficul[t ...] and profits could tumble [...]

BICC/General Ca[ble]

BICC *has moved to* [...] its abortive association w[ith] U.S. General Cable Corp[...] Entered into back in 19[...] the objective of securing [...] co-operation in the cabl[e ...] the deal never really bo[...] First of all, BICC ra[n into] trouble with the U.S. a[...] authorities. Then [General] Cable began to go its ow[n way] *with little or no cons*[...] with BICC. Now both are diversifying away [from] cables.

But there remains th[e prob]lem of BICC's 20.1 pe[r cent.] stake in General Cable, [...] latter's 8.2 per cent. sha[rehold]ing in BICC. Under the unusual terms of the 197[...] ment BICC has now set [...] of $53m. ($18.50 a share) [...] holding, roughly what it [...] al[...] paid. General Cable [...] right for 90 days to buy [...] *own shares at this pri*[ce ...] effect reducing its share [...] by a fifth. Then BICC [...] for 120 days to sell the s[...] any bidder for $53m., o[...] As for GC, it could wel[...] its BICC stake.

The lessons of the wh[...] are that companies sho[uld not] buy into the U.S. withou[t] checking out the grou[nd and] that a 20 per cent. share does not carry sufficient [...]

Chrysler U.S. has first-quarter loss and faces 1978 deficit

BY JOHN WYLES

NEW YORK, April 26.

CHRYSLER CORPORATION of the U.S., which requires more money for capital development than at any time in its history, *reported a first-quarter loss to-day* of $119.8m. and warned that it would have a deficit for 1978 as a whole.

This is a far worse prospect than envisaged and strengthens the view that Chrysler may be forced to sell off some of its overseas operations to ensure the *future of its U.S. and Canadian* business.

The company needs $7.5bn. for capital investment in North America in the next five years, and on some estimates will need $1.4bn. external financing by *1980* because of inadequate cash flow.

The first-quarter loss follows a $49.7m. loss in the fourth quarter of last year, and compares with a net profit of $75.4m. in the first quarter of 1977.

At $4,049.6bn. sales were only $600,000 higher than in last year's first quarter.

The deficit is due to a combination of weak sales—North American car and truck ship*ments were 75,000 down on the* same period last year—and "substantial costs" associated with the launch in the U.S. of its new small car the Omni, and of a similar model in France.

Detroit's third largest car manufacturer said it would make a profit in the second quarter, lose money in the third because of "unusually long retooling closedowns," and return to profitability in the last quarter.

Overall "we anticipate that our operations for the last nine months of the year will be *approximately* at break even levels," said Chrysler, pointing to a year-end loss.

On closer scrutiny the first-quarter figures are worse than they appear, because Chrysler reaped a $23m. windfall from the decline of the dollar.

Terry Dodsworth writes: In the first three months of this year Chrysler U.K. has turned in its first quarterly *profits since* the Government rescue package was launched in early 1976.

In a brief statement yesterday the company announced after-tax *earnings of £264,000 for the* period. It added that this would be an "important contributory factor" in its return to profitability in the full year.

Although Chrysler would not elaborate on the figures it is believed *that the turnround* was achieved in February and March, after small losses in January.

In both the last two months it has begun to recover market share. Last month it was up to 8.4 per cent. against 5.6 per cent a year ago. Sales improved after increased production at the Linwood plant in Scotland.

BSC seeks £1½bn. extra loan limit

BY ROY HODSON

The borrowing limits of the British Steel Corporation *will* be raised from £4bn. to £5.5bn. if Parliament approves the new Iron and Steel (Amendment) Bill published last night.

The new limit has been judged sufficient to cover British Steel's *financial* needs for the *next* three years.

The Government steel strategy announced by Mr. Eric Varley, Industry Secretary, on March 22 is based on an extensive cut in British Steel's investment pro*gramme*.

Investment will be concentrated on improving steelmaking quality without increasing the corporation's production capacity.

Spending will run at about £500m. a year for the next three years instead of the £1bn. a year envisaged under the previous British Steel plan.

The Bill raises from £4bn. to £4.75bn. the statutory limit of public borrowing imposed by the Iron and Steel Act of 1975.

It also provides that the limit may be further raised to £5.5bn by order of the Industry Secretary, with the consent of the Treasury and approval of Parliament.

As British Steel funds some *short-term financing from British* commercial sources, its requirements from public sector funds in the next three years may fall *short of the £1.5bn. provided for* in the new Bill.

At April 1 British Steel's borrowings against the statutory limit were estimated to be £3.07bn. in Public Dividend Capital and National Loan Fund capital.

The Government is still working towards a capital reconstruction of British Steel designed to provide the corporation with a sound capital structure for the long-term future. A system may be *introduced* later in the year.

Difficulties have been encountered in devising a new package to relieve British Steel of the burden of accumulated borrowings.

Ministers have been warned *that foreign Governments could*, under certain circumstances, take the view that British Steel production for exports was being subsidised by financial *relief*.

Some Conservative MPs want to press the Government again on the attitude of the Government and the corporation to*wards selling off old steelworks* for continuing steelmaking activities by private sector companies.

They will put the point to Mr. *Varley that such sales could help* reduce further British Steel borrowing.

Cornish tin mine closure 'a disaster'

BY KENNETH MARSTON, MINING EDITOR

CONSOLIDATED GOLD FIELDS' loss-making Wheal Jane tin mine in Cornwall, opened in October 1971, is to close in the next few weeks, *at a cost of 418 jobs in an area* of high unemployment.

Mr. David Penhaligon, Liberal MP for Truro, described the closure yesterday as "a disaster of unbelievable proportions."

It follows last week's news that the neighbouring Mount Wellington tin mine is closing after being in production for only 18 months.

It is understood that the Transport and General Workers Union may ask the Government to seize the shaft *and pumping gear at Mount* Wellington. Such a move, it is argued, would combat the threatened increased inflow of water into Wheal Jane, which [b]ei[ng] costly to deal with, has forced the latter's close-down.

Consolidated Gold Fields said the closure decision was taken *after discussions* with the Department of Industry failed *to* reach agreement on financial arrangements to enable the mine to remain open.

Talks are taking place with the unions at Wheal Jane to determine redundancy terms.

The total investment in the mine by Consolidated Gold Fields *is about £5m. excluding* Government grants of £2.4m.

The company wrote off some £2.8m. in 1976. The further write-off is expected to be about £5m., including closing costs and repayment of the £600,000 balance of a £1m. Department of Industry loan.

Wheal Jane has been hit by a lower-than-expected ore grade, recovery problems and, for most of its existence, an insufficiently high tin price.

At times it has made a modest working profit, but *overall there have been losses* of £400,000 in the year to last June.

The final straw was the pro*posed closure of the Mount* Wellington mine on the other side of the Carnon Valley. This is daily pumping out some 7m. gallons of water. When *pumping ceases, more water* will flow into the workings of Wheal Jane, which itself is pumping some 4½m. gallons a day.

A formula could not be found whereby the two mines can be worked profitably as a single unit. The cost to Wheal Jane of keeping the Mount Wellington pumps in operation is put at £500,000 a year, which is *not* possible in view of the economics of the situation.

Increasing Wheal Jane's own pumping capacity would incur an even greater financial burden.

Mr. *Harry Stephens*, the TGWU district secretary for West Cornwall, pointed out: "In 1975 the Mount Wellington management got a debenture loan from the Industry Department of £800,000, and much of *that has got to be paid back*."

He is asking Mr. Moss Evans, the new TGWU general secretary, to suggest to the Industry Minister, Mr. Eric Varley, that he should seize the shaft and pumps as recompense and then hand them over to *Wheal Jane*.

Mr. Penhaligon asked yesterday why Consolidated Gold Fields could not apply for a Government temporary employment subsidy, pointing out that unemployment in the area was already around 14 per cent., and seemed likely to rise *to about 35 per cent. in* his own village of Chacewater.

"Try to find a job centre within 40 miles of Chacewater with a single male job vacancy," he said, adding, "Tin mining is the backbone of the area's economy."

Ironically, Cornwall's old *Geevor and South Crofty* mines, going since the early 1900s, are still operating successfully, though they will be feeling the pinch of rising costs.

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Hawker bid

The cash consideration for the purchase will be based on net *asset value at the date of pur*chase and is expected to be of *the order of £4m.* Profits before interest and tax attributable to the business being acquired in the year ended December 31, 1977, amounted to approximately £900,000.

Hawker Siddeley will make the 1981 offer following the announcement of the results of Carlton for the year ending December 31, 1980 (Carlton's year end would be changed from March 31). The value of the 1981 offer will be based on the 165p offered under the first offer but increased (or decreased) in proportion to the increase (or decrease) in the two-year average of adjusted consolidated profits of Carlton before minorities, extraordinary items and tax for the 2¾ years ending December 31, 1980 compared with those for the two years ended March 31, 1978.

It is expected that a formal offer document will be posted to shareholders as soon as a profit estimate for Carlton's year ending March 31, 1978, is available.

Barclays Merchant Bank has advised Carlton in the negotiations while Lazard Brothers has advised LMS and S. G. Warburg has advised Hawker Siddeley.

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U.S. trade

this year, *they increased only* 1 per cent. over the last half of last year. But imports in the first quarter grew 7.5 per cent. faster than in the last half of 1977.

There are signs that the ad*ministration* trigger *price* scheme for steel imports and the rise in the price of the German and Japanese imports may, however, be having an effect.

Steel imports fell last month the first full month of the *scheme, while the value of* imported cars from Japan and Germany also fell slightly last month for the first time for months.

Detailed figures of cars imported last month are not yet *available*, but analysts said that the fall in value almost certainly indicates a drop in imports.

Labour will fight European elections

BY RICHARD EVANS, LOBBY EDITOR

THE THREAT of a Labour boycott next *year* of the first direct elections to the European Parliament was lifted yesterday when the party's national executive committee voted to contest the elections.

The decision means that the *Labour Party, after being badly* divided for years over the principle of British membership, has at last come to terms with it.

The party conference is still adamantly opposed to direct elections, but yesterday's deci*sion by Labour's policy-making* body effectively overturns continuing *resistance to contesting* the elections.

Party officials, led by Mr. Reg Underhill, national agent, will now set in motion the process of choosing party candidates for the 81 U.K. seats. The first *should* be selected by the autumn and the greatest interest will centre on the proportion of pro- and anti-Marketeers chosen.

Polling day in Britain for the first set of direct elections to the *Parliament at Strasbourg will* be on Thursday, June 7, next year, with the other members of the Community choosing any date between June 7 and 10.

The Parliament will have 410 members compared with the 198-seat assembly it will replace, where members are nominated by their national legislatures.

The resolution passed by the NEC by 17 votes to nil was a grudging one, underlining the continuing fear of some Labour Left-wingers that direct elections could mean a move towards a *federal Europe*.

It reaffirmed the NEC's con*tinuing opposition to the prin*ciple of direct elections, "but in the event of the proposed Bill being passed, the executive would not wish to let the mounting feeling of dissatisfaction with the EEC go unrepresented, and therefore believes that the Labour Party should contest the elections."

A violently anti-Market amend*ment*, backed by Mr. Ian Mikardo and Miss Joan Maynard, which reaffirmed total opposition to the Community and called for Labour candidates not to be endorsed for direct elections, was defeated by 19 votes to two.

But an attempt by pro-Marketeers Mr. Fred Mulley and Mr. Tom Bradley to delete the phrase "mounting feeling of dissatisfaction with the EEC" was turned down by 17 votes to five.

Weather

U.K. TO-DAY

CLOUDY with rain at times and hill snow in northern areas.

London, S.E., E. England, E. Anglia, E. Midlands
Mostly cloudy, rain at times.

Cent. S. England, W. Midlands, Wales
Mostly cloudy, rain at times. Max. 10C (50F).

Cent., N. and N.E. England, Borders, Edinburgh and Dundee areas, Cent. Highlands
Mostly cloudy, rain at times.

Channel Islands, S.W. England
Sunny intervals, scattered showers. Max. 9C (48F).

Aberdeen, Moray Firth, N. Scotland, Orkney, *Shetland*
Sunny intervals, scattered wintry showers. Max. 7C (45F).

N.W. England, Lakes, Isle of Man, S.W. Scotland, Glasgow, *Argyll, N. Ireland*
Rain, snow on hills spreading from the east. Max. 7C (45F).

Outlook: N. cold and cloudy, showers in S.

BUSINESS CENTRES

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Alexandria	F	25	77	Luxembrg.	F	13	55
Amstrdm.	S	12	54	Madrid	F	12	54
Athens	S	19	66	Manchstr.	C	5	41
Bahrain	S	26	79	Melbourne	R	8	47
Barcelona	F	17	63	Mexico C.	S	24	75
Belfast	R	5	41	Milan	C	15	59
Belgrade	S	18	64	Montreal	S	13	56
Berlin	F	6	43	Moscow	R	10	50
Birmghm.	R	7	45	Munich	S	17	63
Bristol	R	5	41	Newcastle	C	7	45
Brussels	S	17	63	New York	S	13	55
Budapest	F	17	63	Oslo	C	3	37
B. Aires	S	21	70	Paris	C	15	59
Cairo	S	28	82	Perth	S	31	88
Cardiff	R	5	41	Prague	S	14	57
Chicago	S	12	54	Reykjavik	C	5	41
Cologne	S	16	61	Rome	F	17	63
Copnhagn.	C	4	39	Singapore	S	31	88
Dublin	F	8	46	Stockholm	C	1	34
Edinburgh	F	7	45	Strasbrg.	C	14	57
Frankfurt	S	16	61	Sydney	S	17	63
Geneva	F	13	55	Tehran	S	21	70
Glasgow	F	7	45	Tel Aviv	S	20	68
Helsinki	S	3	37	Tokyo	C	19	66
H. Kong	S	26	79	Toronto	S	14	58
Jo'burg	S	22	72	Vienna	S	17	63
Lisbon	R	10	50	Warsaw	C	4	39
London	R	7	45	Zurich	S	16	61

HOLIDAY RESORTS

Ajaccio	R	14	57	Jersey	C	8	46
Algiers	F	23	73	Las Plms.	S	20	68
Biarritz	R	10	50	Locarno	R	11	52
Blackpool	F	9	48	Majorca	F	18	64
Bordeaux	R	10	50	Malaga	F	19	66
Boulogne	R	9	48	Malta	S	19	66
Casblnca.	F	19	66	Nairobi	S	24	75
Cape Tn.	S	25	77	Naples	F	16	61
Corfu	F	16	61	Nice	R	11	52
Dubrovnik	F	16	61	Oporto	F	11	52
Faro	F	18	64	Rhodes	F	18	64
Funchal	F	20	68	Salzburg	F	19	66
Gibraltar	F	19	66	Tangier	F	18	64
Guernsey	C	7	45	Tenerife	F	14	57
Innsbruck	S	17	63	Tunis	F	21	70
Inverness	C	4	39	Valencia	F	20	68
				Venice	F	14	57

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